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HOME NEWS

Union leaders oppose six-point TUC pay restraint guide

By Tim Jones
Labour Staff

As the Government and the CBI yesterday studied the TUC's six-point plan to combat inflation, leaders of some of the most important unions made it clear that they opposed the scheme, which includes proposals for a universally applied flat-rate pay increase.

As if to emphasize the point, delegates at the annual conference of the Confederation of Shipbuilding and Engineering Unions yesterday supported a new wage claim, allowing for plant-level bargaining, which is clearly contrary to any "flat-rate" plan.

Some union leaders felt that both the Government and the TUC would run into trouble by fully endorsing proposals that do not take into account traditional differentials between skilled and unskilled workers.

Mr John Lyons, general secretary of the Electrical Power Engineers' Association, who recently negotiated a 31 per cent pay rise for his higher-paid members, said: "The general council is right to give a lead in favour of restraint but wrong in the lead it has given."

Mr Lyons, who has argued strongly that present inflation is "unquestionably wage-induced" added:

In trying to impose a flat-rate increase for everyone it is outdoing Ted Heath's statutory pay policy, and the long-term effects will be just as harmful. While the TUC insists on government consent for itself no attempt has been made to obtain consent among those within the TUC.

Mr Lyons said that while the low-paid worker had to be specially protected, "in continuing to penalize the skilled worker is sheer folly."

The Government should reject any deal on that basis.

Mr Hugh Scanlon, president of the Amalgamated Union of Engineering Workers and a member of the TUC General Council, said: "Because of the policy decisions of my own union I am unable to support either the existing social contract or these new proposals."

My own view has always been that if all unions were prepared to honour it fully the existing social contract was capable of making some contribution to beating inflation.

Mr Ray Buckton, general secretary of the Associated Society of Locomotive Engineers and Firemen, was against changing "fundamental principles in wage bargaining and thought the existing contract could have been made to work."

Shipbuilding Union's conference, page 15

Amendments curb NEB control over newspapers

By Our Political Staff

The Government yesterday tabled amendments to the Industry Bill that limit the powers of the National Enterprise Board to take an interest in newspapers.

Where the board or any of its subsidiaries acquires any of the share capital of a conglomerate which includes newspaper interest the board will have to dispose of the newspaper interests as soon as practicable.

The only qualification is that the Secretary of State can release the board from the obligation if he believes that such a direction could cause serious commercial injury to any newspaper, magazine or periodical concerned.

The new clause also states that neither the board nor any of its subsidiaries shall commence a business of publishing newspapers, magazines or other periodicals for sale to the public in the United Kingdom, or enter into a contract with the Independent Broadcasting Authority for the provision of programmes.

Uncertainty on aircraft takeover Bill

By Our Political Staff

Uncertainty about government plans for the aircraft and shipbuilding industries was increased by Mr Short, Leader of the House, in the Commons yesterday.

He was asked by Mr Peyton, his shadow, to clear up uncertainty about the Aircraft and Shipbuilding Industries Bill, under which sections of the industries would be taken into public ownership, would receive its second reading.

Mr Short said he did not know when it could be given a second reading, but hoped to give a clear indication next Thursday.

There is speculation that the Bill may have to be dropped this session because of pressure of business.

Parliamentary report, page 6

Mr Hain's view 'not Young Liberal policy'

By Our Political Correspondent

Mr Barry Birch, political vice-chairman of the Young Liberals, yesterday dissociated the organization from an attack by Mr Peter Hain on proportional representation in the latest issue of the Young Liberal journal, *Liberaliser*.

The object was to demonstrate that Mr Hain, president of the Young Liberals and the Liberal Party's publicity officer, was putting forward a personal view.

Mr Birch said: "His attack runs completely counter to Young Liberal policy as expressed by resolutions at this year's and last year's conferences, when the movement was committed not just to supporting proportional representation but to actively campaigning for it. Although we are concerned that proportional representation is being used as an argument for a party of the centre, we see it as a way towards a more democratic system."

Unions have direct access to well informed, helpful pressure groups. Sponsored MPs' 'privilege' is amply paid for

By Roger Berthoud

The "privilege" enjoyed by sponsored MPs referred to by the Yorkshire area council of the National Union of Mine-workers on Wednesday, when it imposed rigid restrictions on MPs sponsored by the union, does not tell the whole story.

In exchange for union endorsement at nomination stage, some help with election expenses, and a small annual subsidy towards parliamentary expenses, the unions gain pressure groups of well informed MPs well placed to battle for their members on issues affecting union interests.

A total of 128 MPs are sponsored by trade unions. The National Union of Mine-workers accounts for 18 of them.

The biggest privilege enjoyed by the NUM's sponsored members is endorsement by the (often predominant) union representation on the general management committee of the

local Labour Party. The decision on endorsement, however, is taken by the national executive committee of the union, not locally.

If the candidate endorsed by the union is nominated, the NUM will pay up to £1,000 or four fifths of certified election expenses, whichever is less, but that benefits the party rather than the candidate. The union also pays an allowance of about £100 a year towards parliamentary expenses.

Union-sponsored MPs are organized into trade union groups in the Commons which meet regularly to discuss policy and tactics relating to items affecting their particular industry. The chairman of the miners' group is Mr Adam Hunter (Dunfermline), its secretary is Mr Alexander Wilson (Hamilton). Both are ex-officio members of the national executive of the NUM and attend its monthly meetings in London.

The union is thus assured of regular contact with a big group of MPs that knows what the policy of the national executive is, the organization of the industry, and how its members might respond to any proposed legislation.

If a union feels the MPs it sponsors are not doing enough for the union in parliament, its view can be conveyed to each MP's constituency party. But even a decision not to reendorse a sponsored MP would not necessarily persuade the constituency to drop him.

The classic case involving a clash between an MP and his sponsoring union involved the late Mr W. T. Brown, Independent MP for Rugby, and the Civil Service Clerical Association, of which he was parliamentary general secretary from 1942.

Mr Brown's views embarrassed the association, which sought to disown him. In 1947 a complaint was made to the Privileges Com-

mittee of the Commons that the union's actions were calculated to influence a member improperly.

The committee decided that the making of payments to MPs by associations of constituents or other outside bodies did not in itself involve a breach of privilege. But a Commons resolution passed on July 15, 1947, declared that it was inconsistent with the House's dignity for a member to enter into an agreement with an outside body which limited his freedom of action in Parliament.

Mr Stanley Orme (Labour, Salford, West), who has been sponsored by the Amalgamated Union of Engineering Workers for 12 years, said yesterday that he paid due regard to the union's views. But he also has responsibility to his constituents, to the Parliamentary Labour Party, to the party conference: there are a number of elements to bear in mind."

Parliamentary report, page 6
Leading article, page 13

Labour list for Europe completed a third try

By George Clark
Political Correspondent

The Labour Party's delegation of 12 MPs and six members of the House of Lords for the European Parliament, approved by the Parliamentary Labour Party last night, with discussion or disagreement. It was understood that there had been some last-minute change to ensure that the balance of opinion between supporters and opponents of the EEC was accurately represented.

A surprise omission was that of Lord George-Brown. It was well known that he would have a voice in the European Parliament.

The final choice, apparent after two revisions, gave four anti-EEC MPs five seats out of the 12 from the Commons, a two out of the six from the House of Lords. It is generally expected that the delegation meets next week to prepare for its attendance at the plenary session in Strasbourg. Michael Stewart (Hammersmith, Fulham), the former Secretary of State for Foreign Affairs, and a devoted campaigner for the European cause, will be elected leader.

The members of the delegation are as follows (from opponents of the EEC mark with an asterisk):

Mr Trevelyan (Kingston upon Hull); Mr Guy Barnett (Greenwich); Mr Stewart (Salford, West); Mr Evans (Newcastle); Mr Duane (Crewe); Mr Richard Mitchell (Southampton, Itchen); Mr Ma Basher (Chesham); Mr J. E. (Weir, Louth); Mr Will Hamilton (Rife, Central); Mr T. Ellis (Wrexham); and Miss Bond (Rye, East Sussex, West).

The peers are: Lord Ardwick; Lord Bruce of Donington; Lord Castle (Buckingham); Mrs C. Secretary of State for Social Services); Lady Fisher of Redn; Lord Gordon-Walker; and Lord Walsley.

Later, Lord George-Brown said: "I want it to be known in the country and on the Continent that all three Labour Party delegations have been available for selection for the European parliament delegation. I happen to be the only one of the three who actually made the application to go in Europe. I am the one rejected by the Prime Minister. I just want colleagues in this country and the Continent to know that I was available."

It was suggested in some quarters last night that the late changes were made as a result of left-wing pressure. It is now claimed that the left, it was necessary for the Prime Minister to have five representatives in the delegation.

The PLP decision of a week ago that the party should see to join the socialist group in Strasbourg cannot be followed automatically, it seems. Discussion between the Labour Party and Lord Ludwig Ellermann, leader of the socialists earlier this week, have disclosed political disagreements and further negotiations are required.

Girl not infectious

Miss Susan Stevens, aged 2 of Castle Donington, Leicestershire, who was taken to hospital in Crawley, Sussex, Wednesday on returning from a holiday in Tunisia, is suffering from acute polyneuritis inflammation of several nerves which is not infectious, it is stated yesterday. Her condition was satisfactory.

Inquiry by coal board and miners into fall in output

By Paul Routledge
Labour Editor

Miners' leaders and the National Coal Board are to set up a special investigation into falling productivity in the pits. This comes after a decline in output that has deprived miners of £290 a week production bonuses just before their annual policy-making conference debates a militant call for 65 per cent pay rises.

The National Union of Mineworkers and the board yesterday discussed output figures for last week, which show that production was down by 20,000 tons on the previous week to 2,262,000 tons, and although the collieries will meet the modest target set for the April-June quarter, productivity has declined so much that there will be no production bonus in the July-September period.

Failure to produce the extra tonnage was attributed partly to the number of men taking rest days in the new holiday year that began in May. These are being taken at the rate of 14,000 a day, but the board said that was only one of the factors responsible for the disappointing output. Productivity is down to 44.2 cwt a man-shift, lower than it was two years ago.

Though there were some acrimonious exchanges between union leaders who had wanted a national productivity scheme that gave the same bonus all round and moderates who last year unsuccessfully demanded a pit-based scheme, the meeting went off relatively amicably. A

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Subsidies on food and fares in Irish Budget

From Christopher Walker
Dublin

In a determined attempt to counter inflation and heavy unemployment, the Government of the Irish Republic yesterday introduced a wide-ranging package of emergency economic measures.

Announcing details to a packed Dail, Mr Ryan, Minister for Finance, said that the package was intended to deal with the worst economic situation the country had faced in its 54 years of independence. It was the second Budget within six months.

In order to reduce the rapid rise in the consumer price index the government is to introduce a wide range of subsidies on basic foodstuffs, including milk

Government attacked over delay in law reforms

By Our Legal Correspondent

It was disturbing that there were so many reports containing proposals for law reform, about which the Government had not yet made up its mind.

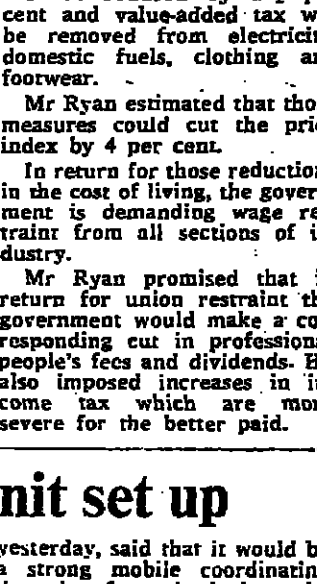
Justice, the all party group of lawyers, says in its annual report, published today.

In his introduction, Lord Gardiner, Justice's chairman and a former Lord Chancellor, lists nine reports by committees set up by the Government, as well as several reports by Justice, on which the Government had taken no steps, even years after publication.

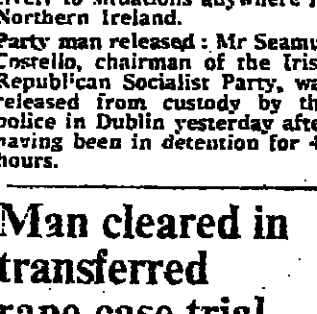
The Younger committee on privacy, published in July, 1972,

Weather forecast and recordings

NOON TODAY Pressure is shown in millibars



NOON TODAY Pressure is shown in millibars



Man cleared in transferred rape case trial

By Our Legal Correspondent

A man, accused of rape, whose case was transferred from Judge Christmas Humphreys to another judge was cleared at the Central Criminal Court yesterday.

George Mairs, aged 49, a metal dealer, had denied raping an air hostess.

Summing up, Judge Marnan, QC, told the jury: "There is a danger of convicting a man of rape on the evidence of the complainant alone."

The case was transferred from Judge Humphreys to Judge Marnan on Monday, Judge Humphreys had three days previously given a self-confessed double-rape a suspended sentence.

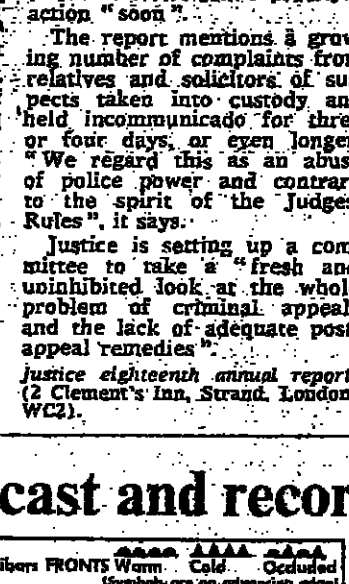
Mr Mairs told the jury, including six women, that he was out of London last year when a former business associate, Frederick Brown, aged 44, a mortgage broker, of Upper Halliford Road, Shepperton, was acquitted of raping the same complainant during the same incident. But on his return he was arrested and charged.

Dangerfield decree

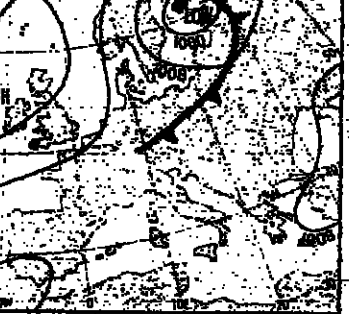
Mrs Elizabeth Dangerfield was granted a decree nisi against her husband, Graham, the naturalist, yesterday because their marriage had broken down.

Weather forecast and recordings

NOON TODAY Pressure is shown in millibars

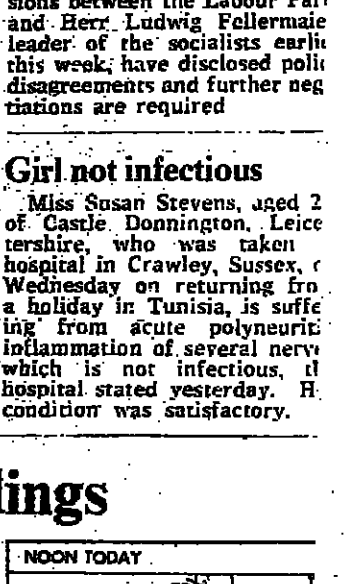


NOON TODAY Pressure is shown in millibars

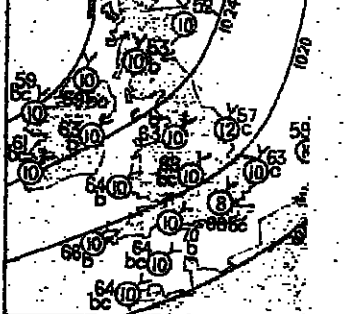


Weather forecast and recordings

NOON TODAY Pressure is shown in millibars



NOON TODAY Pressure is shown in millibars



Father who debauched his children

From Our Correspondent
Leeds

A man aged 35 who admitted debauchery with his seven children over a period of nine years was sentenced at Leeds Crown Court yesterday to 15 years' imprisonment.

He pleaded guilty to a total of 18 sexual offences against his five daughters and two sons, none aged between eight and 18. Mr Justice Kenneth Jones, who ordered that the children's names should not be disclosed, told the man: "In 30 years' experience I have never known, in sexual matters, a man who has descended into such depths of evil."

Crisis facing bus services

By Our Correspondent

Rural bus services are facing their most critical stage, it was stated yesterday. The gap between losses and public money available is becoming virtually unbridgeable.

Yesterday the Association of County Councils said the situation was the most serious that had arisen in the field for a long time.

Next month the association's planning and transportation committee is expected to urge the Government to give support to the National Bus Company.

Father attacked headmaster

By Our Correspondent

A father who used a drain-cleaning rod to beat his headmaster who had caned his son was given a suspended sentence of six months at Ipswich Crown Court yesterday and fined £50.

Henry Paul, aged 53 of Connaught Road, Ipswich, had pleaded not guilty to assaulting Mr Wilfred Horsfield, of Westbourne. Secondary School Ipswich, causing him actual bodily harm.

Cambridge man sent for trial on rape charges

By Our Correspondent

Peter Samuel Cook, aged 47, a van driver, was committed in custody for trial by magistrates at Cambridge yesterday, on charges of raping his own daughter, aged 15, waiting outside the court as he was driven away in a police van.

Some banged on the sides of the van and a few booed as it drove off. The police had backed the vehicle within a foot of a side entrance as Mr Cook, handcuffed between two officers and with a blanket over his head, left the court.

Husband denies taking money to pay debts

By Our Correspondent

Captain Jack Dennis, who is defending a £33,850 claim against his former wife, Mrs Joan Dennis, denied in the High Court yesterday that he lost several hundred thousand pounds gambling and took money from her bank account to pay his debts.

Estimating his net gambling losses during their marriage at £25,000, he said in answer to questions from Mr Neil Butcher, counsel for his former wife: "I only went gambling to the Clermont Club nine times, five of those with my wife. Once I went there in desperation on my own and lost £30,000 on a game that is illegal now."

"Mr Aspinall, who owned the club, asked me what I was going to do. I said I would pay, and he said I must have been mad. I went home and told Joan, who was really sweet about it and said it would be good for my character."

Captain Dennis said he had once won £25,000 at the club and £10,000 on two other occasions. Although large sums, totalling about £180,000, had gone in and out, the total losses were fairly small. "Over the nine visits I would say I lost £8,000 or £9,000."

Captain Dennis, aged 60, of Lower Ash, Nuthourne, Sussex, was giving evidence, denying allegations by his former wife, of Grosvenor Square, Mayfair, that he cheated her out of £33,850 by asking her to sign blank cheques, pretending that they were to pay small household bills.

Special CID unit set up

From Our Correspondent
Belfast

A special centralized CID unit is being set up in Northern Ireland to track down those responsible for sectarian assassinations. The unit, to be known as A Squad, will be additional to the 250-strong special patrol group and it is expected it will comprise about 36 detectives.

Sir James Flanagan, the Chief Constable, announcing the formation of the squad yesterday, said that it would be a strong mobile coordinating detective force backed up by the full resources of the special patrol group. It would be able to respond quickly and effectively to situations anywhere in Northern Ireland.

Party man released: Mr Seamus Costello, chairman of the Irish Republican Socialist Party, was released from custody by the police in Dublin yesterday after having been in detention for 47 hours.

Man cleared in transferred rape case trial

By Our Legal Correspondent

A man, accused of rape, whose case was transferred from Judge Christmas Humphreys to another judge was cleared at the Central Criminal Court yesterday.

George Mairs, aged 49, a metal dealer, had denied raping an air hostess.

Summing up, Judge Marnan, QC, told the jury: "There is a danger of convicting a man of rape on the evidence of the complainant alone."

The case was transferred from Judge Humphreys to Judge Marnan on Monday, Judge Humphreys had three days previously given a self-confessed double-rape a suspended sentence.

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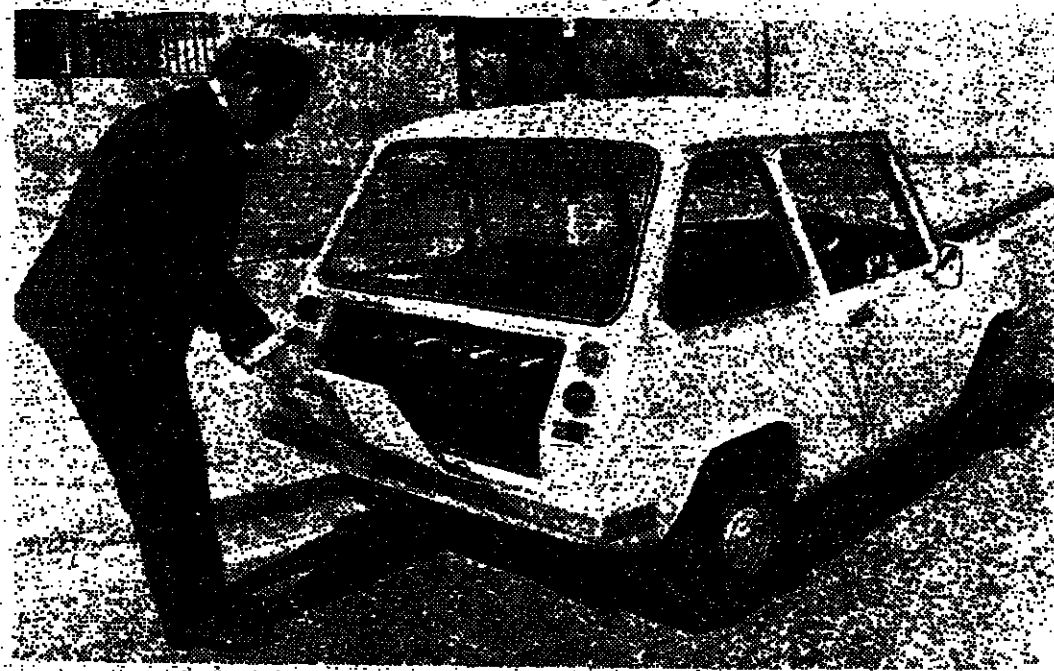
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HOME NEWS

British electric car to have evaluation tests
first model goes on sale for £2,808

Waymark
ing Correspondent
Electricity Council is to
out a detailed evaluation
first British electric car
regular production, the
d 8000. The car, a small
designed mainly for
se as a car to the gen-
public at £2,808.
Each of 61 cars is being
red to the Electricity
d which will check such
as operating costs, main-
tenance requirements and bat-
tle over a period of two
years.
The results will have
significance in the light
recent statement by the
Electricity Council that
the key to future
transport.
er from saving oil, the
car is almost silent,
d pollution and is said to
much lower fuel costs
a petrol-engined vehicle.
nfield, which is eight in-
cher than the Mini and
turning circle of only 25
feet, also seen as an answer
to traffic congestion.
As a light, rust-free alu-
minium body and is powered
by lead-acid batteries giving
range of up to 55 miles
top speed of 40mph. The
car is recharged overnight
plugging into an ordinary
socket.
se limits on the range
over the car are im-
posed by the present state
of technology. The Elec-
tricity Council is engaged on
a project with Chrysler
Power, the battery firm,
odium sulphur batteries,
are less heavy and bulky
than lead-acid type.
The private motorist, the



The Enfield 8000, on sale at £2,808.

Enfield car is very expensive
at present, but the manu-
facturers are confident that the
price can become more com-
petitive as output increases.
There is a van at £2,214 and a
four-seat soft-topped runabout
at £2,106.
The car is made by Enfield
Automotive, a British company
owned by Mr John Gouldsmith,
a Greek shipowner. Research
and marketing are based on
Coles, Isle of Wight, and
assembly, using British com-
ponents and materials, is car-
ried out on the Greek island of
Syros. Output is about a dozen
vehicles a month.
During a short test drive in
central London this week, I
was able to confirm the car's
almost complete silence apart
from a gentle hum and a click-
ing from the solenoids. With
no clutch, the Enfield is easy
and relaxing to drive, and its
size makes it perfectly suited
to heavy traffic.
Acceleration is more than

adequate over the first few
hundred yards, though it tails
off after about 30mph and
there is nothing in reserve for
quick overtaking. With the
motor mounted in the middle
under the seats, and the bat-
tery weight distributed evenly
back and front, the car is very
stable and handles well. The
ride felt hard on rough sur-
faces and the stiff suspen-
sion springs needed to cope
with the weight of the bat-
teries.

Bel award
Lady
Falkender
reed

Falkender, political and
al secretary to Mr
is to receive the Libel
award over a newspaper
connecting her with the
of his signature when
s Leader of the Opposi-
tion.

report appeared in the
Standard, London, in
last year during public
sale of a slag heap in
Lady Falkender's family
interest, Mr Edward
her counsel, said in
court yesterday.
anner headline, read in
connection with the report, he
could have been under-
stood to suggest that
to suggest that
der (then Mrs. Mar-
cia) was in some way con-
nected with the forgery of Mr.
Falkender's signature and that
she had used his name and her
as his personal secre-
tary was not the slightest
for any such suggestion,
he said.

newspaper's publishers
agreed to withdraw and
pay for the libel and pay
Falkender appropriate
costs and her lawyer
her libel action over the
brought by Mr Anthony
a consultant geologist.
ady Falkender's brother,
ended on agreed terms.
Richard Rampton, repre-
senting Mr Field, said he was
satisfied with the outcome of
the case and that he had
not learned to mix with other
children and she had not learned to mix
with adults. The literary gap
between them and children
from homes where reading was
encouraged began to develop
about the age of two and a half,
she said.
Dame Muriel feared there
might be many similar cases,
and the problem was not related
just to working-class parents.
There were cases of middle-
class couples whose children,
left in the care of an au pair
girl, had grown up learning her
language rather than their own.
Children at risk came from
homes where there was little
conversation. The literary gap

Homes policy above politics 'vital'

From Christopher Warman
Local Government
Correspondent
Brighton
A housing policy above politics
and 'continuous, coherent
and consistent' was vital, Lord
Goodman, chairman of the
Housing Corporation, said yester-
day.
He told the annual meeting of
the Association of District
Councils that any society or
government ought to recognize
that "any continuation of a
stop-go policy in relation to
housing is a piece of political
and administrative madness. If
there is one essential social
need that should proceed at full
speed in this economic climate,
it is housing".
Lord Goodman pointed to the
crucial need to provide a
variety of housing. Most
people wanted to own their own
homes but the prevailing
conditions many could not.
"We do not want a situation

where people are driven to the
extremes of financial hard-
ship because they believe that
buying a house is a vital finan-
cial safeguard in the society in
which we live".
Many young people suffered
from neurosis as a result of
inability to obtain their own
homes, he added.
We cannot impose on people the
need to take out mortgages they
cannot afford and which are a ball
and chain for the rest of their
lives, the kind of economic burden
where they have to make a choice
between owning a house or having
a child. Nothing could be more
harmful in a free society than
forcing young people with that
kind of choice.
He assured the somewhat
sceptical delegates that local
authorities remained the prin-
cipal source for providing hous-
ing, and that the Housing Cor-
poration with its satellite hous-
ing associations had no inter-
ference with their power. The corporation was

there to help to provide a
second strand of housing.
Lord Goodman took issue
with remarks on Wednesday by
Mr Crosland, Secretary of State
for the Environment, that cer-
tain sections of the press were
waging what amounted almost
to a vendetta against local
government. "Newspapers do
not as a whole make a reason-
able report what other people say",
he stated, a remark greeted with
loudly expressed disbelief.
Dr Wilfred Burns, chief plan-
ner at the Department of the
Environment, told the confer-
ence that the development con-
trol machinery in the planning
process was in many respects
"creaking". While acknowl-
edging that cooperation be-
tween counties and districts was
at a high level in some areas,
he said that was not the un-
iversal situation and he called
for more cooperation between
the two tiers.

Literacy expert tells of child who
would not speak to grown-ups

The case of a girl aged five
who did not speak a word to
adults during her first three
months at school, was told yester-
day by Dame Muriel Stewart,
vice-chairman of the Bullock
inquiry into literacy. Dame
Muriel, an expert on reading
and a former chairman of the
Schools Council, told the Asso-
ciation of Education Commit-
tees conference at Eastbourne:
She had brought up in high-
rise flats and her mother, a
single parent, had not learned
to mix with other children and
she had not learned to mix
with adults. The literary gap

between them and children
from homes where reading was
encouraged began to develop
about the age of two and a half,
she said.
Severe problems: Families with
young children living in tall
blocks of flats experience severe
problems according to a paper
presented yesterday by Stuart
Reporter writes: Children in
tall blocks have less contact
with other children and there
is some evidence to suggest that
they are more frequently ill,
the report says.
The Social Effects of Living off
the Ground (Department of the
Environment, free).

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with other children and there
is some evidence to suggest that
they are more frequently ill,
the report says.
The Social Effects of Living off
the Ground (Department of the
Environment, free).

'Viscount' pose
by church thief

Sean Michael O'Flaherty,
aged 34, of Segorff Lodge,
Barnes, High Street, London,
toured the country for more
than three years as a self-
styled viscount stealing relics
and antiques from parish
churches. At Lincoln Crown
Court yesterday he was jailed
for 18 months.
He pleaded guilty to stealing
a sixteenth-century helmet
from the church at Harston,
near Lincoln, and pewter plate
from the church at Heysham,
Norfolk. He asked for 24 simi-
lar cases to be considered. It
was said that the total involved
was £2,077.



Mail carrier: Julia Perkins,
aged 28, postwoman of St
Martin's, in the Isles of Scilly,
wading ashore with the mail
brought by launch from St
Mary's and transferred to
rowing boat.

Ir Jenkins rejects pleas
for murder case prisoners

Ir Jenkins, the Home Secre-
tary, has decided that there
are no grounds to justify him
releasing further in the case of
men, both serving life sen-
tences, who deny killing a sub-
master, it was disclosed yester-
day.
The case concerns Mr
Zahel McMahon, aged 30, a
user of New North Road,
Barnes, and Mr David
Spicer, aged 32, a window
man, of Woodhouse Road,
Barnes, both London. They
were convicted with another
man at the Central Criminal
Court five years ago of the
murder of a sub-postmaster at
Ston, in September, 1969.
Appeals, ordered by the
Secretary on behalf of
two men, were dismissed
by the Court of Appeal last
year. The two then
plied for leave to appeal to
a House of Lords, but their
applications were refused.
Mr Michael Spicer, Conser-
vative MP for Worcester-shire,
with who took up Mr McMa-
hon's case, said yesterday that
had been told of Mr Jen-
kins's decision by Mr Lyons,
Minister of State at the Home
Office. Mr Spicer said he was
stunned by the decision and

had asked if Mr McMahon
might reapply for permission
to appeal to the Lords.
There are two important
issues at stake", he said.
"First, the fact that two men
will have to spend at least
twenty years in prison for a
crime in which it is doubtful
whether they were involved."
"Secondly, the important
question of the credibility of
British justice. As a firm
believer in the rule of law, I
shall continue to press the
Home Secretary to look more
closely at McMahon's case."
Mr McMahon is serving his
sentence at Long Lartin
prison, near Evesham, Worces-
tershire. Mr Spicer's case has
been taken up by Mr Bryan
Mages, Labour MP for Wal-
tham Forest, Leyton.
At the trial the main prose-
cution witness was a man who
had been charged in connection
with the murder and turned
Queen's evidence. The third
man convicted of the murder
had his conviction quashed in
1973. Evidence that he had
been in London on the day of
the murder was accepted.
The quashing of that con-
viction showed the unreliability
of evidence given by the main
witness, Mr Spicer said yester-
day.

What to avoid in the high price maze

Careful buyers of fresh food
must thread their way this
weekend through a maze of
high prices to find seasonal
bargains. They should avoid
steak, chops, carrots and straw-
berries, and concentrate on
fresh crab, home-killed lamb,
broad beans, cauliflower, and
gooseberries or rhubarb.
Rump steak may be more than
£1.10 a pound, and good loin
chops of pork cost 72p or more.
Boned breasts may be as little as
42p, and bell of pork 36p, but
they are best suited for heavy,
filling winter dishes. English
lamb chops cost 60p a pound, but
70p a pound, but half-shoulders
have fallen to 40p and whole legs
start at 66p. There are also some
veg escalopes at £1.50 to £1.80 a
pound.
There are far more cauliflowers
on sale now than last weekend,
and the price has dropped by
about 4p to 12p to 15p each,
depending on size. Broad beans
from Spain are also very cheap,
but at 10p to 15p a pound they
are worth buying if numerous
in the pods. If very young they
can be eaten in the pods. There
are also some home-grown peas,
but they are very dear, at about
22p a pound.

Food prices

Hugh Clayton

but they are very dear, at about
22p a pound.
Strawberry prices are falling
slowly, but they still cost between
50p and 80p a pound, and cherries
start at 40p a pound. Rhubarb
remains low at 5p, and there are
plenty of English gooseberries at
about 15p a pound and a few
French ones at 24p. The home
crop has a short season and
should be enjoyed as soon as it
appears.
The quality of the peaches
arriving from Spain and Italy
continues to improve. They cost
between 6p and 10p a pound. There
are a few Spanish plums from 30p
a pound and plenty of reasonably
priced citrus fruit. Apples and
pears are still very cheap.
New potatoes are worth buying
at 10p to 14p a pound, but some
salad vegetables remain very
expensive. Tomatoes start at 20p
a pound, so some supermarkets

Walkers will be charged

From Our Correspondent
Llandudno

Walkers and railway passen-
gers on Snowdon are to be
charged "for the use of the
mountain". Snowdonia National
Park committee decided yester-
day in Caernarfon.
A subcommittee made the
proposal after considering a
report recently presented to the
County-side Commission by its
consultants, on the danger of
Snowdon's losing its character
because of erosion and dis-
figurement caused by the
210,000 visitors each year.
Mr Hywel Roberts, the
national park officer, said:
"We do not visualize toll gates
or uniformed attendants charg-

Nursery groups survey

By Our Social Services
Correspondent

A two-part survey of the
needs of pre-school children in
Britain is to be conducted by
the Child Health Research Unit
of Bristol University. The sur-
vey will study in detail the work
of all 25,000 nurseries and play-
groups in Britain and investi-
gate the development of 16,000
children born in a single week
in 1970.
Survey questionnaires have
already been sent to each
nursery school, nursery class,
playgroup, day nursery, crèche
and other institutions where
children are in day-care. The
part of the survey is expected
to produce a complete picture

of staffing, hours of opening
and the education and play
facilities available.
Professor Neville Butler, who
is directing the programme,
said yesterday: "Many parents
are asking for an expansion of
pre-school facilities for
their children, and against a back-
ground of continuing financial
shortage there would seem to be
an urgent need to gather facts
on the family and the development
of pre-school children. It will
study the effect of factors such
as television viewing habits,
housing, and illness in the
family on the development of
children."

COUNTRY LIFE
Royal Show Number

A New Farming Strategy

Charles Jarvis explains the policy behind
the setting up of the newly formed British
Agricultural Council.

The Royal Show and its Rivals

Frank Sykes compares the growing scope of the
Royal Show and that of the big agricultural
shows of France, Germany and Italy.

Pioneer of British Livestock

Helen Harris recalls the life of Robert Bakewell
(1725-1795) and his work on improving the
breeding of livestock.

New Machinery at The Royal

Kevin Gundy describes some important advances in research
and development.

Drama by The Avon

Robert Speaight looks back at 100 years of Shakespeare
performances at Stratford-upon-Avon.

Out this week 35p

By Rex Bellamy
Tennis Correspondent

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by John Woodcock
Fiction Correspondent

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NOZAF, TASH

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competitor among the Olympic-class yachtsmen at the Kiel regatta week.

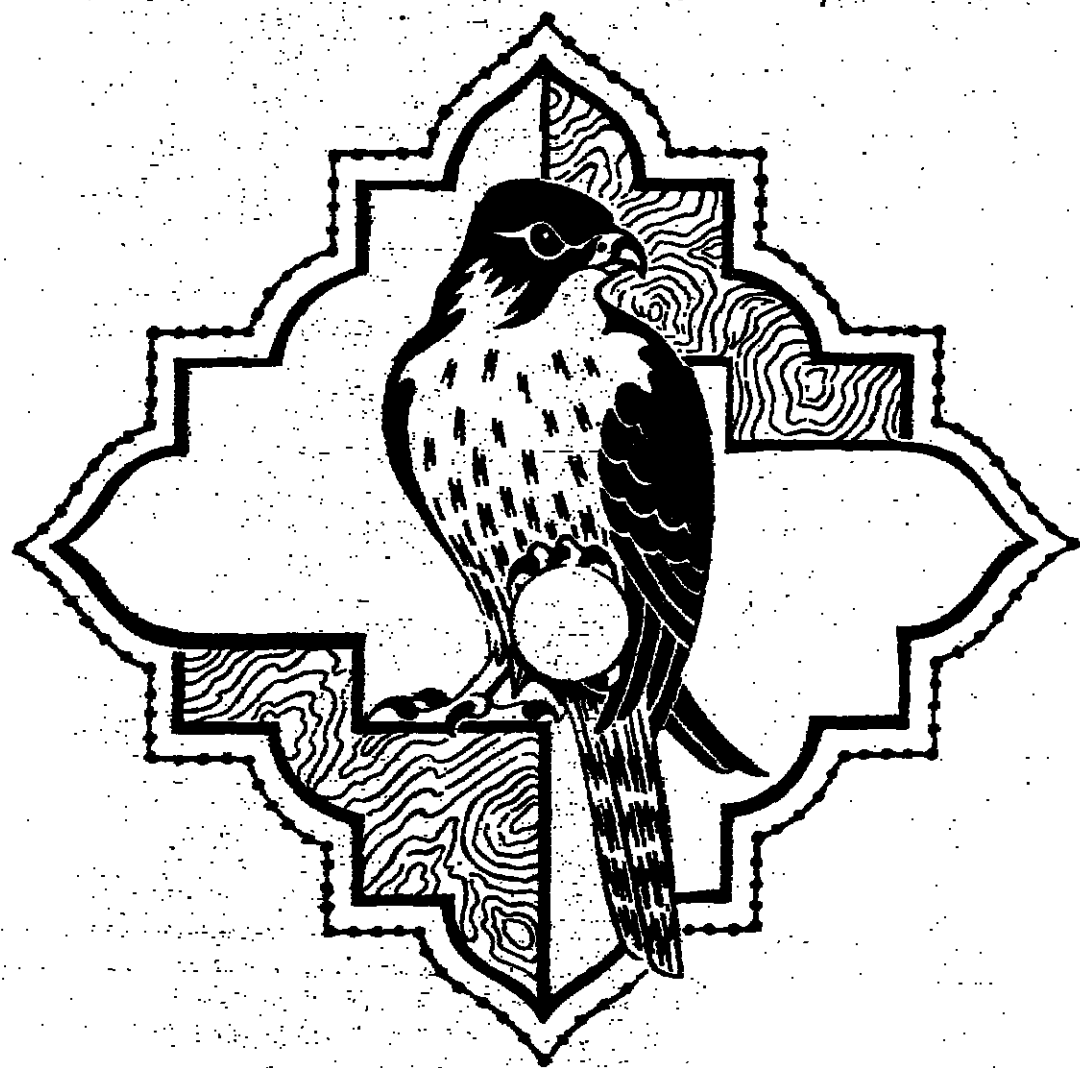
NOZAF, TASH

How psychiatry is used as a political weapon

Another illusion shattered... those radio masts on top Broadcasting House are on dummies, put there as architectural features when the place was built. All three came down to be cleaned, reports Ariel, the BBC's staff journal. Only it will go back: the one about the clock and the secret carrying an outside broadcast aerial. A scrap merchant has offered £30 for the third.



With the announcement of a new government in Lebanon the Palestinian guerrillas (above) and the rightist Phalangists (top) have observed an uneasy ceasefire behind their respective barricades.



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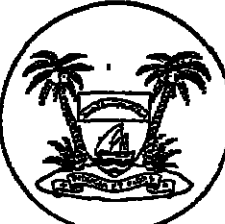
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Compact nation with an economy on the big scale

by Dr N. G. Khalaf

For a country only 4,000 sq miles in area and with a population of only three million, Lebanon has made good economic progress. Income levels are now \$700 per capita and there has been a 10 per cent increase in gnp each year for the past five years.

The same progress is reflected in the general welfare of the people. Caloric consumption a head has increased, as has the consumption of energy. Life expectancy is now greater, school attendance higher and there is a higher ratio of doctors to patients.

Lebanon has also been spared many of the economic consequences of being a small country. The instability often associated with small economies has not afflicted Lebanon. Apparently, the size of its economy has not been an impediment to economic development. Its dependence on trade, the limitations of its economic and occupational structure, and the concentration of exports have not unduly reduced the country's rate of development.

To understand this achievement, one must recognize that a distinguishing feature of the Lebanese economy is the preponderance of trade and services over all other sectors of economic activity.

This is reflected in the distribution of its national product. A breakdown of this by sector shows that agriculture and industry combined generate less than a third and the service sectors generate the remaining two thirds. The pattern and quality of Lebanon's resources and the size of the economy are largely responsible for this. Lebanon is not well endowed with agricultural and mineral resources. Most resources required for the development and sustained growth of a sound agricultural and industrial base are either scarce or lacking.

But Lebanon's central

geographic location, and the attraction and variety of its climate, have made the country and particularly Beirut, the hub of the Middle East. Beirut is a busy trading and financial capital as well as a holiday centre for the region.

The Lebanese has an outgoing disposition, a capacity to copy others, and a talent for business.

The Lebanese attitude to business, which considers industrial and agricultural pursuits less interesting because they are less lucrative, is partly responsible for channelling heavy investments away from agriculture and industry into real estate and commercial projects.

The large investments in land or securities for speculative purposes have not only misdirected Lebanon's capital resources, they have developed in the people a negative attitude towards traditional vocations. The average Lebanese, particularly the young, resists employment in handicrafts and agriculture.

This has increased the scarcity of skilled and semi-skilled workers. This scarcity, already an obstacle to the growth of the industrial and agricultural sectors, will intensify as the requirements of a balanced economic growth increase the demand for a skilled and a more technically prepared labour force. There is a sizeable migration of rural, generally unskilled workers to Beirut, which has meant neglect and often desertion of agricultural land, as well as additional unemployment and related problems in urban centres.

Data based on the latest manpower surveys lend support to these arguments. Labour engaged in agriculture declined sharply during the past 15 years from half the labour force to 19 per cent; those engaged in services increased from 32 to 55 per cent, and in industry from 12 to 18 per cent. Roughly half the labour force is employed in the Beirut area; 30 per cent

of the labour force has no education; 50 per cent, primary education; 15 per cent, secondary; and only 4 per cent has university education.

Other labour statistics are also relevant here. It is estimated that only 27 per cent of the population is part of the labour force. This fairly low percentage—in advanced countries the percentage is close to 50 per cent—can be explained both by a young population distribution (43 per cent are below the age of 14), and by the low percentage of women in active employment (fewer than 18 per cent are gainfully employed).

According to the Ministry of Planning, the unemployment rate, including seasonal unemployment, is more than 8 per cent. The survey on which this estimate is based excluded non-Lebanese workers whose number is sizable—about 750,000 are said to have entered Lebanon during the past 15 years. It did not account for underemployment and disguised unemployment known to be fairly common in agriculture and public sectors—60 per cent of government employees are reported to carry jobs in the private sector. So unemployment is higher than those already reported.

Unemployment could be a potentially serious problem. Traditionally the Lebanese have relied on emigration as a way out. For every Lebanese at home there is one abroad. Recent emigration rates have increased again—extending between 6,000 and 15,000 annually during the past 15 years.

In view of the estimated increase in the number seeking employment in the foreseeable future, emigration will not be a sufficient answer. The magnitude of the unemployment problem will depend on the scale of expansion in the industrial, agricultural and service sectors, and on their capacity to absorb additional labour.

Industrial employment has more than tripled and national authorities will pursue policies which will permit the continuation of the above traditions. Equally important, if not more so, is the realization—at the levels of both private and public sectors—that the future financial policy should be geared to developing the Lebanese capital market and establishing Beirut as a major financial centre.

But will this objective be accomplished? In terms of past financial performance and experience, Lebanon does possess a number of advantages over potentially competitive centres in the region. Nevertheless, the development of parallel financial markets in the region is in itself not the real or significant issue. The Middle East can stand a number of such centres which to a large extent can be evolved along complementary lines.

The real challenge which Lebanon's national authorities have to meet is their ability not only to identify the steps which need to be taken (this is now being done in part by banking interests, private and public), but in properly carrying out all the requisite measures.

The areas of required reform and new departures are many. There is, for instance, the need for a substantial improvement in the supervisory and regulatory functions of the monetary authorities over commercial banking and other financial activities. National supervision began gradually to be implemented only after the intra crisis.

Considerable progress has since been made under the direction of the Banking Control Commission established in 1967. Nevertheless, a more effective supervision by the Central Bank is necessary, especially in view of the fast growth in banking activity in the past decade which has been accompanied by a growing dominance of foreign banking interests.

The use by the Central Bank of monetary and banking tools has been limited, and what is now called for is a more active but properly envisaged monetary and banking policy, albeit as part of overall national economic strategy. One aim of such policy is to assure financial stability, taking into account the strong foreign presence in the banking sector.

Another is to guide the growth of the capital market both at the international level and at the domestic level (a more economically efficient sectoral distribution of credit). These considerations raise in turn a related issue, namely, the need to remove existing legal and other obstacles to the development of the capital market at the level of debt instruments and of institutions. For example, the existing long governing mediations does not permit them to accept deposits with maturities of less than two years.

Such a stipulation could prove to be too restrictive a measure. Dr Samir A. Makdisi is Professor of Economics, American University of Beirut, and author of numerous papers on the Middle East.

the number of industrial companies under the aegis of the government. Despite this expansion, the relative share of the industrial sector in gnp has only lately begun to improve. Three traditional industries—textiles, foodstuffs and building materials—account for about half of industrial output.

Appreciable expansion in industrial exports has been achieved in metals, mineral products, processed foods, textiles, clothing and pharmaceuticals. The bulk of these industrial exports goes to a small number of Arab countries. The latest industrial census still shows that no more than a third of industrial companies employ more than four workers and that these firms are heavily concentrated in the Beirut area.

The present expansion in industrial exports is a promising sign and should continue if the Lebanese industrial sector is to make more effective use of economies of scale and do away with the limitations imposed by a small domestic market. It is too early to evaluate the impact of the newly formed semi-public Development Bank in generating industrial capital and in facilitating further industrial growth. Such a specialized credit institution is capable of making available medium and long-term credit for industrial development.

This should remedy one peculiarity of the Lebanese banking and credit system where commercial banks, saturated with deposits and unable to obtain credit for development, more active and comprehensive measures must participate in capital formation.

The Lebanese devotion to laissez faire and the conflict between the free traders, who want Lebanon to "import and live," and the industrialists, who mouth "export or die," slogans, are both important obstacles to carrying out an effective and systematic industrial policy and to raising the government funds needed for economic development and social welfare.

The performance of the agriculture sector has not been so impressive. Its share in the labour force has declined and its contribution to the national income has decreased. Because of its size and land resources, Lebanon remains a net importer of foodstuffs. Vegetables and fruit still account for the bulk of its exports.

The country, through government Fruit Office concerned with the problem of disposing of surplus and vegetables, crops. The Government spends able subsidies on such wheat and tobacco production, its impact on improving the efficiency and stability of farming in Beirut is still limited. There is a need for a more effective and co-ordinated government agricultural policy to accelerate agricultural expansion and reduce unemployment and disparities in living standards between Beirut and the privileged areas including the Bekaa valley.

The government policy of goods producing could correct Lebanon's economic structure, but could also a better distribution of income and increase general welfare. It is still premature to conjure up a picture of a revolution around the corner, there is evidence that rich are getting richer and the poor poorer, and the fruits of Lebanon's economic prosperity can more equitably shared.

Lebanon's heavy reliance on the service industry has accelerated the country's economic progress but it is agreed that it also generated a lopsided economic structure which could be a major source of instability.

Lebanon depends heavily on foreign trade as a means of escape from the limitations of its domestic market. It also depends increasingly on service industry and foreign capital finance a large trade deficit and on its immediate neighbours as markets for exports of goods and services.

Concentration in trade and geographic concentration in particular, reduce Lebanon's capacity to isolate itself from outside influences. But the process the country acquired regional advantages which cannot be rivalled by other countries and which are a source of income. Balance of payments de argument. Thanks to a flexible exchange rate policy and a liberal exchange rate, Lebanon's balance payments have been almost continuous surplus for the past 20 years.

Dr Khalaf is Associate Lecturer of Economics at the American University of Beirut and author of 'Economic Implications of the Size of Nations' and 'Reference Lebanon (Beirut)'.

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Rodney Wilson

Industrial sector accounts for 24 per cent of the gross national product, and employs more than 120,000 workers. Lebanon's liberal economic policy has encouraged the growth of private industry, though the well-developed banking sector has made the multiple funds have been unable to finance investment in plant. Two years ago the Government established the National Bank for Development of Industry and Tourism, with a capital of £20m. This was a joint venture, the state subscribing 50 per cent of the paid-up capital, and a consortium of private Lebanese and foreign banks providing the rest. Since the start of its operations almost two-thirds

The Government has tried to encourage foreign capital investment in Lebanese industry by offering generous tax concessions. A law passed last year gave a six-year period of exemption from income tax for new manufacturing establishments, while industries approved by the Industrial Development Board may also enjoy tariff protection, and import vital materials free of customs duty.

Though Lebanon offers a market of only 1,800,000 people, its exports enjoy preferential treatment in the Arab common market. For political reasons the country has been unwilling to join the Arab "common market," but the Government has secured bilateral trade agreements with a number of other Arab countries, including Saudi Arabia and the Gulf states.

At present most Lebanese industrial exports go to

The closure was partly a response to the fall in world demand, although Syrian political pressure was an additional factor, as a section of the pipeline runs through the Israeli-occupied Golan Heights. As part of the oil producers' agreement with Lebanon on pipeline royalties, oil from Iraq is obtained for domestic consumption at a quarter of the world price, and oil from the Saudi oil is purchased at only \$5 a barrel. It is uncertain that these price concessions will continue, however, as the Opec nations dislike two-tier pricing systems.

The availability of low-priced petroleum has encouraged the development of the Lebanese plastics industry. There are more than 80 plastics factories, most of them small, manufacturing mainly for the domestic market where consumption of plastic goods has tripled since 1960. Rising oil import costs could, however, threaten the industry.

Proposals for oil exploration in Lebanon and its off-

Lebanon's recent political crisis has been exacerbated by the Palestinians and Palestinian guerrillas are having a detrimental effect on industry. A general strike has been called by the workers in support of the armed leftwing parties halting production for two days last month. An earlier one-day general strike in the business districts of Beirut, while businesses in Sidon were closed for more than a fortnight.

There is also widespread dissatisfaction with pay levels, and price rises by more than 50 per cent a year, but the General Confederation of Lebanese Workers agreed to an

they cannot be replaced by nationals from other countries. Time is clearly running short for Lebanon as industrial disputes could soon add to the country's difficulties. At this stage, a strong stable government is imperative if the country's industrialisation is to progress rather than regress.

Dr Wilson is a specialist on the economies of the Middle East.

BAN

11

also; though to the east, towards the Anti-Lebanon range of mountains near the Syrian border, rainfall is unreliable, and harvests fluctuate from year to year.

Apart from vines, olives are Lebanon's oldest perennial crop, and wild olives are still found in scattered areas in the north of the country. Though olives occupy a larger area than either citrus fruit or apples, they are much less valuable in terms of production. Olives thrive on poor soils where other perennials cannot grow, and can withstand heat and drought. Peanuts are another hardy species which are grown mainly in northern Lebanon. On the richer farmlands of the south there is a tendency to grow more valuable crops. In this region feed not needed for grain production is often given over to plants such as tobacco, which give high yields per acre.

Almost half the population of Lebanon is still employed in agriculture, with most associated with farming on a full or part-time basis. Though the proportion engaged in agriculture has declined with the growth of the services sector and industry, in terms of absolute numbers farming absorbs more people than ever, almost twice as many as before the country's independence was declared from the French mandate more than 30 years ago.

Colourful fruit and
ing display in the ol



vegetables on temple
i suk.

the chief buyers. Significant

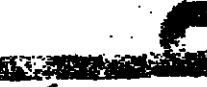
the east of Mount
and corresponding
California's Great Valley
the Bekaa region, where
of Lebanon's vineyard
located. Conditions are
for vines in this rift
y region, with hot sum
and not too much
ture, as the area lies in
in shadow. The sloping
y sides provide excel
drainage. In the Bekaa
v cereals are grown

This increased population on the land has led to overcrowding however, with the inevitable severe fragmentation of holdings. These agrarian problems are worsened by the country's inequitable ownership of land, whereby just 1.5 per cent of the total number of landowners possess 40 per cent of the agricultural land. Most Lebanese farmers are left with only tiny plots

Lebanese agriculture has been able to absorb these increasing numbers by replacing low-yielding, extensively cultivated cereal crops with high-value tree crops which need more care and

quantities of apples are sent to Egypt, Iraq and Jordan, as, although these countries are major fruit producers, their climate is unsuitable for apples.

As this winter has been moderately wet in Lebanon and in contrast to the dry conditions of last year, 1977 should be a good year for citrus fruit production. Future exporters should have fewer problems with



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R.W

Chase Manhattan acts, while other banks talk!

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and had university economics students wondering why you have Lebanon from

Put it all together and you have Lebanon from

The Government is now getting ready to institute a 10 per cent capital gains tax on profits made from the sale of land. This has not been passed, but is expected and restored a degree of sanity to the market.

Despite the seeds of the price depression and others who sold when the selling was good, the real estate boom has spurred frantic construction activity throughout the country, especially around Beirut.

For the man or woman who has to commute to Beirut every day, it is the worst of both worlds.

73. The company registered a profit every year except 1969 when it faced exceptional circumstances, including the destruction of much of its fleet in the April fighting between Palestinian guerrillas and Phalangists, the Beirut Daily Star estimated that the backlog of undelivered mail could be as high as 15 mil-

lion letters, and this problem was further aggravated by renewed fighting last month. This mail included bills of lading, and their non-delivery made it impossible for businessmen to clear consignments from Beirut port, thus leading to even greater congestion.

Similar disruptions occurred in Lebanon's normally good international telephone system. Whereas previously one could obtain an international call to most countries in the world within half an hour, during last month's upheavals, subscribers were lucky to obtain a line to the central telephone exchange, let alone call a number abroad within a reasonable length of time.

Assuming that political stability is restored, Lebanon's ambitious projects are either under way or being studied to meet Lebanon's rapidly expanding needs as a communications centre. Thus, the plan to bring direct dialling to Europe and the United States into full operation will require the construction of a new international switching centre with 2,500 circuit capacity, over 20 times the size of the existing one. This would relieve the present bottleneck and enable other telecommunications projects to be fully developed.

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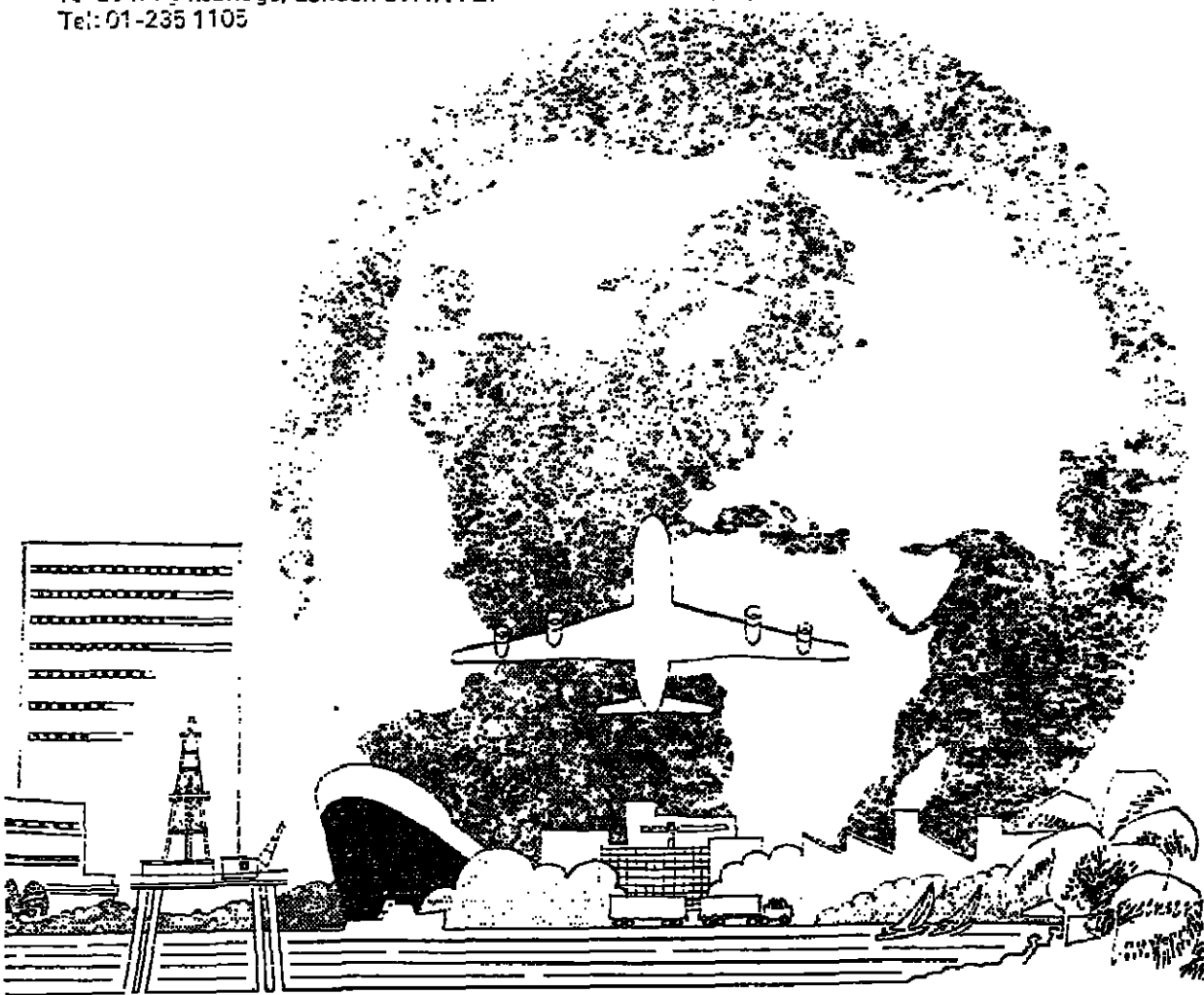
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Trade accounts for about 35 per cent of gross national product making Lebanon highly vulnerable to fluctuating market conditions, recession, inflation and rising prices of raw materials (which account for more than a third of imports). In addition, severe congestion at the port of Beirut and at the airport is hampering trade while the recent opening of the Suez Canal must adversely affect Lebanon's flourishing transit trade, which accounted for 65 per cent to 90 per cent of all foreign trade between 1963 and 1972.

The rapid development of neighbouring oil-rich states may threaten Lebanon's unique position as a traditional trading centre of the Middle East. Furthermore, increases in customs duties, both last year and in April this year, alarmed traders. Last year customs duties netted \$468,941,000, an increase of \$100m over 1973.

The main exports have traditionally been vegetable products and canned foods, but in 1973 high prices for jewelry, precious stones, metals and coins made them more important. They were worth \$133.4m, double the 1972 figure, and they increased again in 1974. Textiles were worth \$172m in 1973 and agricultural products \$145.3m (up only 6.8 per cent from 1972). Exports of fruits rose 16 per cent between 1968 and 1972.

Industrial exports in 1974 were worth \$445,693,335 compared to \$443,681,975 in 1973. The 1973 figure was well above that for 1972 but there is still concern at the narrow economic base of Lebanon's exports.

There is also concern over imports, particularly of luxury consumer goods such as alcohol and tobacco. They accounted for \$163.1m in 1973. But the largest share of the imports market was for machinery and equipment, including electrical appliances, costing \$147.6m in 1973, an increase of 25 per cent over 1972. Other major imports were base metals (up 42 per cent), transport equipment (up 37.2 per cent) and textiles (up 21.8 per cent). Vegetable products were imported at a cost of \$290.8m, an increase of 22.8 per cent.

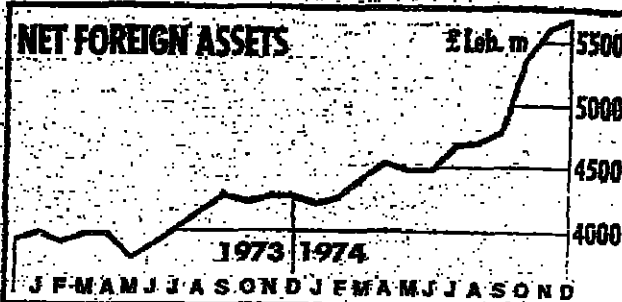
In 1973, Arab countries were still the major importers — 90m went to them with Kuwait, Saudi Arabia and Libya the best customers. It was an increase of 15.6 per cent over the previous year. Exports to Western Europe more than doubled to \$377.2m, with the EEC Lebanon's second

Focus

Research by Susan Morgan

Trade

best market. France was the best customer within this group, followed by Britain. The United States bought \$147.23m and the Comecon countries \$147.25m. This pattern remained substantially the same in 1974. Imports were worth \$147.31m in 1973, up 20 per cent on 1972. Chief exporters to Lebanon were West Germany, France, Italy and Britain. Imports from the United States were worth \$142.8m and from Comecon \$142.8m. (Increases of about 25 per cent in both cases). Imports from Arab countries increased by about 12 per cent to \$143.4m. Although there was a trade deficit for 19 (the \$147.48m), an increase of nearly 1/8 per cent over the previous year, and also a deficit in 1974, Lebanon has a substantial balance of payments surplus owing to favourable movements of invisibles and its trading position is essentially sound.



Cost of living

The price index rose 11.1 per cent in 1974 from 121.7 to 135.2 (1966 base equals 100), according to the Central Directorate of Statistics. That broke down as follows: food index up 16.6 per cent to 158.4; clothing up 12 per cent to 165.4; housing up 1.3 per cent to 106.4; miscellaneous goods and services up 6.4 per cent to 112.2.

However, it is widely felt that these figures understate

the seriousness of inflation which is also wor-
trading foreign firms with headquarters in Lebanon. According to the index, neither medical nor education costs rose, but in fact big increases in fees were introduced during the year.

The problem has been exacerbated by excessive liquidity brought about by the fact that Lebanon is a main repository of funds from oil-rich countries. Inflation is causing some of the most serious problems in the private and public housing sectors. It is very high. For example, skid sectors were raised this year, resort developments have the private sector by about 11 per cent and the public square metre of land over the past two years from 50 to 100. It is expected to cost the Government \$500; another example

shows an increase from \$135 to \$160 a square metre.

Rents have risen sharply because investments in real estate are a safe haven for Arab money. So too with building materials: a ton of iron bars selling for \$1360 in 1973 rose to \$1950 a year later. Food products such as eggs and vegetables were also affected, showing price rises of up to 25 per cent and 18 per cent respectively.

Because of inflation, pay in the private and public sectors was raised this year, the private sector by about 11 per cent and the public sector from \$1205 a month to \$1310. It is expected to cost the Government \$500; another example

Limited companies formed in 1974

Sector	Number of companies	Capital invested (\$100m)
Banks	17	105.00
Insurance	18	21.00
Industry	17	24.00
Real estate	14	154.60
Transport	3	94.10
Finance and management	19	48.50
Tourism	4	2.80
Publishing	1	2.00
Total	137	454.55

Consumer price index in Beirut, Sept 1974 (base 1966 = 100)

	1970	1971	1972	1973	1974 Sept
Foodstuffs	111.0	113.9	123.8	136.8	143.1
Clothing	115.0	124.4	132.2	145.3	148.5
Housing	103.2	105.6	104.3	105.1	106.6
Miscellaneous	103.9	102.2	102.9	105.4	114.4
Total	107.7	109.4	114.8	121.7	125.5

Limited companies

Twice the number of 118,175,000 — and this fell more in 1968 to 36,550,000 in 1973 to \$154,650,000 last year. Of the 127 new companies, investment in banks reached \$105m; these are medium and long-term credit banks which have been encouraged recently. Industry has increased by leaps and bounds, and invest-

ment increased from \$154,650,000 in 1973 to \$154,650,000 last year. Of the 127 new companies, investment in banks reached \$105m; these are medium and long-term credit banks which have been encouraged recently. Industry has increased by leaps and bounds, and invest-

Stock market

The most active stocks

Name	Volume of transactions	Daily average	Shares exchanged	Daily average position
Ciments Libanais	9,512,765	58,361	21,085	129
Eternit	7,167,384	45,363	21,759	138
Casino du Liban	6,385,420	38,466	62,085	314
OKAL	4,845,715	37,857	42,393	331
Ciments Blancs	3,923,441	27,826	12,348	88
Fin Im Port	3,250,300	25,002	11,091	85
Le Kadische	2,784,709	20,549	13,866	102
GFL	2,032,840	25,733	11,634	147
ABC	1,661,676	14,968	27,380	247
Gest et Exp du Port	1,500,467	17,655	8,014	94

Source: Le commerce du Levant

Activity in the Beirut stock market was favourable for the first four months of 1974, but then a series of incidents served to reverse the process and figures for the whole year indicate that transactions fell by 4.86 per cent compared with the previous year — from \$151.62m to \$144.91m. Similarly, the number of shares traded dropped by 19.2 per cent, from 353,566 to 273,267.

The factors affecting the market were the prolonged problems of the international monetary scene, in which foreign currency was weak against the Lebanese pound, intervention by the Central Bank in the exchange market to rectify this, leading to changes in quotations and a raising of the interest rates on the Lebanese pound; the appearance at the end of the year of Israel threats and increases in the price of petroleum and some raw materials.

However, capitalization rose from \$189.1m in 1973 to \$189.7m in 1974, an increase of 32.2 per cent. The profits of joint stock companies, particularly electrical, industrial and investment concerns, increased in 1974; further improvements on the stock exchange are expected this year.

Among new developments are the investment of some Arab oil funds in Lebanon and an increase in the capital of certain joint stock companies such as Ciments Libanais, Eternit, OKAL, Ciments Blancs, Soliver and Ledito. The stock exchange committee is studying the applications of new entries to the market such as Unicem, Hilton and Eden Rock.

OKAL and IDF may be exempted from income tax in accordance with an official decree. New legislation aims at reducing the maximum tax level from 45 per cent to 25 per cent on joint stock companies.

Insurance companies, too, showed a big increase; from nine to 18 (one of the dangers facing them is precisely this proliferation). And capital increased from \$144m to \$144.2m. As far as trading organizations are concerned, while only two more were registered than the previous year (up to 17 from 15 in 1973) investment increased from \$111,900,000 to \$144,200,000.

Finance and management companies also increased from eight to 19 companies in 1974, with investment totalling \$144.5m (up from \$144.6m in 1973).

Banking

Lebanon's preeminence in the field of banking has been well documented. It derives from the transfer of money to Lebanon from Cairo and to the Bank Secrecy Law which initiated the 'World Bank' — a numbered accounts, thus making Beirut a haven for capital from many different Arab sources. Lebanon's banking has been strengthened by injections of money from neighbouring oil-rich states. Almost uncontrolled growth of this sector culminated in 1966 in the crash of the largest Lebanese bank, the Banque Libanaise, which led to a reform of the banking system. Since then a minimum capital of \$100m is required to set up a new bank and the trend has been towards foreign takeovers of banks.

In the early 1970s, deposits rose from \$13,357m in 1969 to \$16,235m by the end of 1972 and, as no concomitant investment opportunity existed, a problem of excessive liquidity arose. However, foreign loans, which doubled in the foreign deposits.

Banking activity as a whole in 1974 was less momentous than in 1973 despite a record increase in the total balance sheet. This moderation was largely due to the credit restricting activities of the Central Bank. Nevertheless, Lebanon is now, despite the advantage which have given it the nickname of 'the Zurich of the Middle East', facing competition from other centres. With rapidly expanding telecommunications, other Middle East centres may soon be in a position to rival Lebanon's advanced communications and public services. To remain competitive, therefore, a law has just been passed setting up 'free zones' to attract loans, which doubled in the foreign deposits.

General

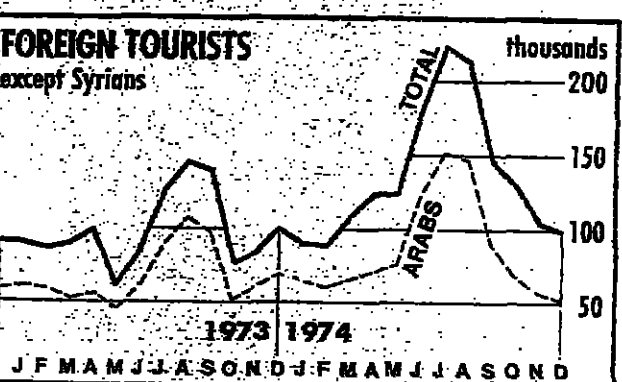
Area: 10,400 sq km
Population: 2,900,000
Main towns: Beirut, capital (800,000) Tripoli (150,000)
Gnp 1971 \$1,840m

Growth rates: Annual average increase in per capita gnp 1965-71 0.8 per cent
Annual average increase in population 1965-71 2.6 per cent

International liquidity

	Dec 1972 (\$m)	Nov 1973 (\$m)
Gold reserves	350.0	389.5
Foreign exchange reserves	194.5	482.9

Tourism



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emergency in India conviction on charges of electoral offences, though that may have surprise and a shock. tion of life of the Indian would quickly remove

tion of life of the Indian masses would quickly remove the opposition's case. Put most simply, the worst charge against Mrs Gandhi's nine years in office might be that the number of Indians living below the poverty line is greater now than it was when she first took office.

One should not, however, underestimate Mrs Gandhi's determination or her political capacity. Even the censorship of the press, if it is short-lived, may pass without political damage to the government. The Indian press has found its freedom to be always imperfect and lately it has been much eroded; sad though this may be by the standards of freedom proper to a democracy, it must be admitted that the condition of the press offers little guide to the condition of India.

But what do the moves of Mrs Gandhi and her Congress followers tell us about that condition? There are those who argue that the politics of the capital in New Delhi and the vigorous battles for power in each state (such as the recent elections in Gujarat) swing back and forth with little effect on the Indian masses. The reforms that would affect their lives are tasked off but rarely put into effect, and when opposition parties find themselves in power in the states their record is shown to be no better than the Congress Party. Most of the charges now being made against Congress by the opposition are no different than could be made against many politicians in the opposition parties.

Only now India may really have reached a turning point. The measures Mrs Gandhi has taken promise to lead her further than she may wish or be able to control. The arrests of MPs include dissident members of Congress; others in the party will sympathize with them. Most of those holding power may, however, close ranks in her support. It can be said that however justified criticism of Congress rule and Mrs Gandhi's leadership may be there is no speck of promise of anything better on the India political scene. This crisis will probably do something to change it.

zored MPs risked losing union financial support if they did not back union policy on the same issue. But neither of those cases was raised in the House as a matter of privilege. In the cases of *Mr Alderman Robinson in 1944* and *Mr W. J. Brown in 1947* the Committee of Privileges did not find that improper pressure had in fact been exerted.

So there is not, as it were, a definitive body of case law on this question. But the general principles of what is and is not for the good of Parliament are clear enough. In recent times the House has shown itself alive to the danger of members acting improperly on behalf of special interest groups. That is why steps are being taken to ensure the more effective disclosure of members' financial interests. This is not something that relates only to sponsored MPs by any means. Indeed, there is a problem over the actual disclosure of sponsorship by trade unions. But the same principles apply to the relationship that MPs may have with trade unions, financial institutions, property companies or whatever: it is acceptable only so long as it does not conflict with the duty that an MP owes to his constituents at large and to the national interest. If Mr Scargill's rules were applied the sponsorship of MPs by trade unions would no longer be compatible with the principles of parliamentary democracy.

designed to give worthwhile services at good value to Londoners. Given such a state of affairs the GLC really could play a positive and useful part in tackling the almost insurmountable problems facing the largest and most exciting conurbation in Europe.

The London Government Act of 1963 was defective in that it did not provide for any review of the way in which it was functioning. Last February I said publicly that I would call for such a review and this will be done soon. But notwithstanding all that has passed, firmly held beliefs that there is an immense contribution a truly strategic GLC can contribute to the future of London.

Yours faithfully,
HORACE CUTLER,
Coun. Hall, SE1.

June 24.

Pocket boroughs.

From Mr. M. R. Nathan

Sir, Several of your correspondents have referred to the necessity for restoring the sovereignty of Parliament by improving the quality of the members, but none has mentioned the evil of pocket boroughs. It is now generally realised that a high proportion of candidates for safe seats are nominated, mainly by trade unions, a situation reminiscent of the 18th century. Any programme for electoral reform must cover this.

Yours faithfully,
M. R. NATHAN.
2 Rosscourt Mansions,
Pale Street, SW1.

June 20.

Sir, Mr Playfair may support Judge Humphreys in his "calculated risk" in releasing the eighteen-year-old youth involved in the recent rape trial (*Times*, June 25). Does Judge Humphreys take into his calculations the fact that 12 as one of the victims of this man, must continue to live within 100 yards of his home? Who will protect not only her but other women should this man be released? This mis-calculation?

Surely not British justice.
Yours faithfully,
MRS X,
June 25,
* Contrary to his practice of not publishing anonymous letters, the Editor has allowed this form of signature since this was how the writer (whose name and address are known to him) was referred to during court proceedings.
From Miss Lois Lang-Sims
Sir, In connexion with the case of suspended sentence for rape, your correspondent Giles Playfair has

made the decisive point (June 1962). "I would be more, not less, likely to repeat the offence after a spell in prison with all the degradation, no- to mention sexual frustration, involved in the experience." And, in the same month, he wrote to the judge: "I am not sure that the character and potentialities of the one being judged, Judge Humphreys and the prisoner encountered one another face to face. Judge Humphreys was listening to the young man, was surely in a better position to judge him than those who neither saw nor heard but cannot restrain themselves from condemning him at a distance. A little more religion about the

place would do us all a power of good. The Christian quality of Mercy (which is not strained) and the Buddhist quality of Compassion are alike contained within justice.

Yours faithfully,
LOIS LANG-SIMS,
23 Guardian Court,
Ferrers Street,
Hereford.

From Mr Sebastian Payne
Sir, I have read the report of Regina v Majewski, *The Times* newspaper, June 24, 1975, which is to the effect that except in special cases self induced intoxication is still no defence to a criminal charge.
I now await with great interest the decision of the Court of Appeal in a case in which a self-induced drunk has, because of his alcoholic state, totally unreasonably but genu-

Yours faithfully,
SEBASTIAN PAYNE,
62 Lillie Road, SW6.

Ali-Bugner fight coverage

From Mr Martin Wallace

Sir, I am delighted that your diarist is so regular a listener to current affairs programmes on Radio 4, and that he gives them such frequent publicity.

However, if he must attempt satire at the expense of the *Today* programme (*The Times*, June 25), he should not mislead your readers. Desmond Lynam (or Languid, as PHS describes him) is in Kuala Lumpur as BBC Radio's boxing correspondent. He is a member of our sports staff, and PHS (not long returned from reporting the "jamboree" of the Commonwealth Prime

that he had been awarded his share of "public-funded gravy". The fact that Lynam also presents *Today* on a regular basis is, if anything, evi-

denace that the BBC tries to use its resources economically.

It may be an expensive trip to Kuala Lumpur, but *The Times* appears to have been worth the send its own boxing correspondent, Neil Allen. In the same issue of *The Times* Allen 'draws your readers' attention to the heat and humidity, which can turn a three-day rainfall into a 'hell' (A) as a conditioned Hilton Hotel into an instant shower.' Perhaps PHS will soon satirize Allen as he has unfairly satirized Lynam for similarly colourful and relevant reporting.

Your readers may also think that the Lynam-Allen exchange is a lengthy conversation with *Today*'s presenter, John

but his report for *Today* (one of many BBC outlets he will serve during the coming week) contained a single sentence referring to Buenos

I suggest, Sir, that in the light of PHS's comments you should consider whether you need a new boxing correspondent or a new diarist. I know where I would choose to make the saving.

Yours faithfully,
MARTIN WALLACE,
Head of Current Affairs Group,
Radio.

How they salute

From Mr J. B. D. Pagden

Sir, The origin of the salute, whether naval or military, is the feudal custom of doffing or (if the weather is hot or the wearer exhausted), tipping the headgear. Touching the forelock, if the head was not covered, was an acceptable alternative.

The Royal Navy, with its usual *panache* for total efficiency, incorporated the simplest movement into its drill book, while the Army, with

its inbred love of ceremonial for its own sake, devised the most circumlocutory and physically exhausting manoeuvre possible. Our American friends, of course, copied the simpler form of recognition

Yours faithfully,
J. E. D. PAGDEN,
17 Rossetti Gardens Mansions, SW3.

THE TIMES

BUSINESS NEWS

Oil companies
prepare for a
higher crude
price, page 17

Counter-attack by City chiefs over alleged failures in investment role

Anthony Rowley
The City Capital Markets Committee yesterday hit back at criticisms that financial investment institutions bear a measure of responsibility for the low levels of industrial investment in the United Kingdom.

Chairman by merchant banker Ian Fraser, deputy chairman of Lazard Frères, and representing leading providers of finance such as banks, insurance companies and pension funds, the committee rejected suggestions that "worthwhile" investment projects have been refused because City institutions have refused funds.

At the same time it counter-attacked the claim that post-war record of government intervention in British industry was poor, and that the true reasons for the decline of British industry were sort of criticisms which Capital Markets Committee was refusing in its fairly strong statement yesterday.

Of the type that have been made by Mr Wedgwood when he was Secretary of State for Industry, from Mr Pym's and, in a more moderate form, the National Economic Development Office recently.

The committee accepted that the City had spent less on investment in industry than it had in the past, but that this was by no means true of all companies, and that many whose rate of investment is fully as high as the international average, it said.

"Here the large and medium company is concerned,

this committee, all active in the process of capital raising, know of no case in the last 10 years with the possible exception of the crisis period from autumn 1973 to autumn 1974, where worthwhile investment projects have been held up for lack of funds.

"The situation which exists today is that banks have more funds available to industry than industry wishes to avail itself of. Any viable company wishing to raise capital by way of a rights issue is free to do so."

The committee said it was not part of the function of financial institutions to promote private clients to promote investments which were not "worthwhile".

All these bodies, and particularly the pension funds and life assurance companies, would be in breach of trust if they attempted to invest their entrusted money unwisely.

"In modern times, the great private capitalist responsible only to himself exists, as far as the United Kingdom is concerned, only in the realm of fiction."

When it was alleged that the City had failed to play its part in coming to companies' aid, what was really meant was that any particular company had been unable to persuade the independent managers of other people's money that they should invest more of it in the company.

The committee endorsed the point made by the NEDO that the Government itself had pre-empted much of the fixed interest loan market at the expense of industrial borrowers, by borrowing such large quantities of money at such high rates from the capital markets. Fiscal advantages also favoured government borrowing over industry's.

Financial Editor, page 17

Fresh slump by sterling puts shares in retreat

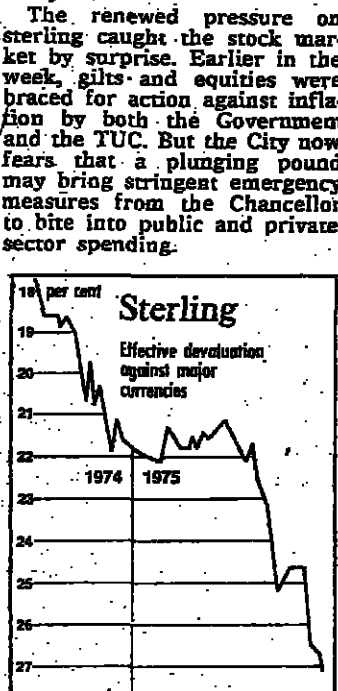
By Terry Byland
Severe pressure on the pound had both gilts and equities in retreat yesterday.

The equity market in particular was hit by a spate of nervous selling at mid morning which quickly wiped out the rally of the previous day.

Industrial, financial, and property shares all fell sharply, while consumer stocks extended the losses of the past week. But selling died away before the close of business and many shares closed above their lowest levels.

The FT index plunged to 302.7 at 3 pm, and closed 9.9 points off at 303.8. The trading account ends today, and dealers were worried by the possibility of a slight increase in minimum lending rate today.

The renewed pressure on sterling caught the stock market by surprise. Earlier in the week, gilts and equities were braced for action against inflation by both the Government and the TUC. But the City now fears that a plunging pound may bring stringent emergency measures from the Chancellor to limit public and private sector spending.



Shipbuilders seek urgent talks with Mr Varley in an attempt to clarify government policy

By Peter Hill
Industrial Correspondent
Major problems face the shipbuilding industry, which is now seeking early talks with the Government in an attempt to hammer out a national policy for the industry. This follows uncertainty about the controversial plans for the rationalisation of shipyards, along with ship repairs and marine engine building companies.

Leaders of the industry yesterday were attempting to organize a meeting with Mr Eric Varley, Secretary of State for Industry, early next week to clarify the Government's attitude and policy for the industry.

Internationally, shipbuilding is in a perilous state. Although the British order book will provide employment for two to three years, there are real fears of substantial unemployment beyond that, since new orders are scarce.

It is already clear that Mr Varley and his officials will be pressed to initiate tripartite talks with management, unions and Government and to suspend some of the claims to be made.

These, it will be argued, are

impracticable in a period of turmoil on the international shipbuilding scene, and are also unjustifiable, given that the legislation for the extension of public ownership is now unlikely to reach the statute book for at least another year.

Shipbuilding remains opposed in principle to nationalization, but has said that it would be prepared to make it work. Now it has an opportunity to impress on the new Secretary for Industry his own ideas for an alternative.

The Government is expected to announce the reshuffling of the Shipbuilding and Aircraft Industries Bill shortly.

Mr Cliff Baylis, director of the Shipbuilders and Repairers' National Association, said last night: "The possibility of a delay for a further year, without any sort of government policy for the industry, is very worrying indeed."

The industry, he pointed out, had already suffered from the uncertainty which had surrounded the Government's plans for the past 18 months or more. Morale within the industry was not being helped.

There was already evidence, he said, of some managers looking outside the industry for employment, while further uncertainty would not encourage confidence amongst foreign and domestic shipowners.

In the present market situation they were being even more selective in the placing of the few new orders that were around.

Mr Baylis pointed out that the industry faced twin problems of a disastrous market internationally and rapidly rising costs at home.

It was absolutely imperative that the United Kingdom be able to secure new orders in the first half of next year at the latest if the prospect of considerable unemployment was to be averted.

"It is patently clear that we in shipbuilding must begin talks with the Government, and hopefully with the trade unions, on measures which can be taken to ensure that the industry is kept reasonably occupied when the present order book is worked through," he added.

Earlier this week the

SRNA's president, Mr A. Ross Beich, called for immediate tripartite meetings to thrash out a satisfactory and sensible solution to the industry's problems. The long term objective of increased efficiency should be combined with the immediate problem of securing sufficient orders.

Despite the assurance by Mr Edward Short, Leader of the House, in the Commons yesterday that the Bill would receive "top priority", industry leaders are expected to press strongly for the suspension of certain clauses in the Bill in the interim. These include the provision covering the disposal of assets, and another under which directors could be held personally accountable for any decisions between the introduction of the Bill and its implementation.

Against the background of serious world over-capacity in shipbuilding, Mr Baylis said the industry required from the Government an unequivocal statement that it was prepared to safeguard the future of the British yards.

Monetary issues strain US relations with France

From Frank Vogl
Washington, June 26
Failure of the recent Paris meeting of Finance Ministers to reach agreements on monetary reform issues has produced new strains in United States-French relations, according to some American government officials.

These strains could go beyond the purely monetary area and have an adverse impact on international energy and trade policy developments in particular.

The latest United States-French arguments on monetary issues appear to have deeply angered the Department of State and created new tensions between it and the Treasury over the conduct of international economic policy.

The Paris conference of the International Monetary Fund and World Bank, which was largely a failure because of differences of opinion between the French and United States ministers.

Basically, the French wanted a swift return to a rigid exchange rate system while the Americans demanded continued flexibility.

The French wanted the immediate lifting of restrictions on central banks buying gold, while the Americans failed to accept this only after tough negotiations and limitations were enforced.

The French are said to be disappointed and frustrated about the outcome of the latest monetary conference and are believed to be annoyed about the tough conditions requested by the Americans for allowing central banks to buy gold.

After agreements on gold at the Franco-United States summit in Paris last December, the French did not expect America to be quite so intransigent on this issue.

The French are also believed to be deeply annoyed about the approach to the negotiations by the Americans, particularly the remarks made by Mr Jack Bennett, the United States under-secretary for monetary affairs, which suggested in advance of the meeting that the chances of agreements being reached were not good because of French attitudes.

Some officials take the French complaints lightly as bargaining tactics. But other officials maintain that the French anger is genuine, that it could dent the improvement in relations produced in Martinique and make it almost impossible for an agreement to be reached on the outstanding monetary reform issues this year.

According to some observers here the latest dispute and the remarks made by Mr Bennett before the Paris meeting were key factors in leading him suddenly to resign his Treasury post last week. He is said to have been rebuked by the White House.

Mr Bennett claimed that his resignation followed personal financial troubles, but some observers suggest that, if this was the sole reason, his action in leaving his post before a successor was found was inexplicable.

Deadlock in Sheffield Twist bid

By Our Financial Staff
A deadlock was reached last night between the two bidders for Sheffield Twist Drill and Steel. The twist drill company, which is owned by the Takeover Panel, which reportedly finds the situation "unsatisfactory", is likely to intervene.

Neither Thorn Electrical Industries, which has indicated that it will make a cash offer valuing Sheffield Twist at £22m, nor SKF, the Swedish bearing company which has simply left its earlier offer of £10.4m on the table, is willing to make the next move.

The panel is believed to be concerned not simply with the position of Sheffield Twist shareholders, but with the uncertainty confronting the company which is faced with two bids and cannot know what its future will be.

Thorn, advised by Hambro, first said it would make a bid on the condition that SKF's offer was not blocked by the monopoly authorities on May 29.

When clearance was given Thorn countered the SKF offer of 77p with a bid of 85p and subsequently raised its indicated offer to 91p by buying Sheffield Twist shares in the market at that price.

But Thorn has still to send out an offer document, and while it is ready to do so, does not want to post it until it has seen whether SKF intends matching or bettering its bid.

Last night SKF, advised by Hill Samuel, simply extended its offer of 77p for a week, saying that it intended waiting for the Thorn document before making a decision on whether to compete. SKF sent out its formal offer on May 22 before Thorn intervened.

Siege Estates auction disappoints the market

By Gerald Ely
An auction yesterday of Siege Estates property portfolio, in which some 37 lots were to be offered to help the group in its financial difficulties, turned out to be a disappointment for those hoping for signs of a property market revival.

In the end four properties were sold under the hammer for a total of £301,000, but not without a deal of bickering and changing of lots and the exclusion from the sale of a number of properties.

Originally a figure of £20m had been put about as the possible value of the portfolio and the sale was regarded as a good test of the market in prime properties, mainly with development potential.

It attracted an attendance of between 350 and 400 people, whose enthusiasm did not match the numbers. The highest price made was £230,000 for 10 Curzon Place and 17 Pitt's Head Mews, Mayfair, the company's headquarters.

Banda House, an office building of 73,800 sq ft in Hammer-smith, which had been considered the main item on the list, attracted no bids after the auctioneer announced he had been instructed not to accept less than £5.75m.

A series of properties in the Farringdon Road area of London with development potential, for which the auctioneer suggested opening at £3m, also attracted no bids.

Auctioneers were Knight, Frank and Rutley and Allsop and Co. Later, Mr Peter Davies, managing executive of Siege Estates, in which the Stern Group, also in financial trouble, has a 50 per cent interest, said the sale had obviously been very disappointing.

"I shall now meet the secured and unsecured creditors who are still locked into the company, and after discussing the sale we will see where we go from there," he said.

Restraint call by Bank Governor

By Tim Congdon
A call for some form of effective restraint on wage and price rises was made yesterday by Mr Gordon Richardson, Governor of the Bank of England, at the Netherlands-British Chamber of Commerce lunch in Rotterdam.

"Our inflation is now almost entirely self-inflicted," he said. It was the result of wage and salary increases far beyond the capacity of the economy.

Mr Richardson expressed scepticism about allowing the recession to curb inflation. If Britain were to rely simply on impersonal economic forces the costs to us all in prosperity and employment might be very high indeed, he said.

Nevertheless, he was confident "We will get our inflation rate down: it would be quite wrong to extrapolate recent trends as an indication of what next year will show."

Mr Richardson also argued in favour of a basic redirection of economic activity. It was necessary, he suggested, to strengthen the balance of payments and domestic investment at the expense of public and private consumption. This too was not an easy task, but one which I am sure can be accomplished," he said.

Rover strike called off after pay offer
A strike by Rover Triumph workers in Coventry due to begin on Monday was called off yesterday after a new pay offer from the company. A mass meeting of the 8,500 production workers who build the Triumph range voted overwhelmingly to accept the latest offer which gives them weekly wage increases of £6.50 and a lump sum payment of £50 in July.

tate aid companies to be named

Source: Corina
Editor
More than two years of partial secrecy surrounding companies seeking selective state assistance comes to an end today when the Government begins naming them. The names of the companies, under the leadership of Mr Eric Varley, Secretary of State for Industry, are disclosed that among 100 companies being helped by state money, are Avon, United Glass, Plessey, Gas Appliances, and on Glass.

31 new applications for state aid under the Industrial Development Act have been submitted in the last few months, but Mr Varley has decided to keep a list given by Mr Wedgwood his predecessor, to dis-

close information about grants and loans of more than £10,000. The first batch of names, released today, covers just over £10.6m for which payments began in the period January 1 to March 31. At least one of the recipients, Tinsley (1973), the printing concern, has since gone into receivership, having been given £400,000 as a loan to preserve employment.

Avon Rubber, which has just reported a loss and has been cutting back its workforce, received a loan of £275,000 on the Whitehall criterion that increased employment would result from state aid.

Another enterprise to receive help was United Glass, half owned by Dischinger, which obtained an interest-free

grant of £486,000. A sizable loan went to little known Independent Bakeries, which was handed £550,000 for creating new jobs.

The Plessey group was a major beneficiary, with a £155,000 interest-free grant. Companies which obtained loans exceeding £10,000 included Torhouse Fisheries, Janets Marine Fittings (Durham), Sepkarn, Kilbellin, Sharna Wear (Mfg), William Calley, Luke Anthony, Cllick Shelving, and Criddle Burgess Feeds.

The bulk of the demand for selective state aid under Section 7 of the Industry Act took the form of offers of interest relief grants.

Application for hypermarket

A joint hypermarket company formed by Sainsbury's and British Home Stores has submitted its first planning application for a 130,000 square foot store on the outskirts of Colchester.

Sainsbury's already has a 14,000 square foot supermarket in Colchester town centre which will continue in operation.

The planned hypermarket would have a selling area of 90,000 square feet, parking for 1,250 cars and a filling station. The 16 acre site is at Stanway at the intersection of the A12 and the new A12 by-pass.

£24m EEC loan for gas pipeline

Two loans totalling the equivalent of £24.2m to the British Gas Corporation to help finance a new pipeline for natural gas have been granted by the European Investment Bank, the EEC finance institution.

The pipeline, which will cost £200m, will bring natural gas from the Frigg field in the North Sea to Scotland, and connect up with the national distribution grid.

The loans have been provided for 10 years at an interest rate of 9 1/2 per cent. Including these latest loans, the EIB has provided finance totalling £187.4m in the United Kingdom.

Rover strike called off after pay offer

A strike by Rover Triumph workers in Coventry due to begin on Monday was called off yesterday after a new pay offer from the company. A mass meeting of the 8,500 production workers who build the Triumph range voted overwhelmingly to accept the latest offer which gives them weekly wage increases of £6.50 and a lump sum payment of £50 in July.

r Scanlon wins pay vote against spirit of TUC plan

W. Shakespeare
The background of the U.C. developing policy and a wages policy and "flat" pay increases, the result of some three million engineering and shipbuilding workers yesterday gave notice of their employers that they would be striking if their wage demands were not met.

Annual policy-making conference of the Confederation of Shipbuilding and Engineering Unions at Hastings mously carried a motion that the U.C. should not be a part of the "low-paid workers" scheme which is being offered by the TUC and to his own union has expressed the strongest disapproval.

Scanlon said it was quite sible at the present time to a firm figure on what "inflation increase" should be.

"Who knows what inflation will be in January 1976 when the claims are submitted? Who can say what will happen as a result of the debate in the TUC General Council or further decisions or actions taken by the Government?"

Scanlon asked the conference to leave the question of inflation to the U.C. chairman of its engineering committee to decide the details of the claims. But I make a strong argument the present level of basic in engineering were far below the present agreement killed rate will be next

year become £42 for 40 hours, with lower rates for semi-skilled and unskilled workers. He said that there must be now a determined effort by the unions to raise these basic rates for all.

He accepted his share of the blame for the fact that they were so late in saying there had in the past been perhaps too much emphasis on plant level bargaining at the expense of national minimum rates.

Mr Scanlon said he believed that the campaign to improve minimum rates would be in line with the policy of improving the lot of "low-paid workers" which was now being advocated since he regarded engineering as a "low-paid industry".

He also made it clear to the conference that the motion did not in any way change the policy of the confederation of leaving it to shop stewards to press for further improvements in pay and conditions at plant level. They would remain free to do so.

The motion was seconded by Mr Dan McGarvey of the Boiler-makers' Union, who is chairman of the confederation's shipbuilding committee and has throughout been a staunch supporter of the social contract. The motion was carried without debate.

Immediately after the vote on Mr Scanlon's wages motion the conference carried another, also sponsored by the AUEW and seconded by the Transport and General Workers' Union. It authorized the confederation's negotiators to make immediate application to the Engineering Employers Federation—which covers some 5,000 firms—which about 1,500,000 workers—for a reduction in the basic working week from 40 to 35 hours, and a minimum of five weeks' annual paid holiday.

Both Mr Les Dixon of the AUEW and Mr Moss Evans of the Transport and General Workers' who moved and seconded this motion said that it was essential for the unions to pursue vigorously the shorter working week as a means of tackling unemployment.

\$1,051m American trade surplus

From Our United States Economics Correspondent
Washington, June 26—America made another big improvement in its balance of trade last month with a surplus of \$1,051.7m (about £410m) compared with a surplus in April of \$556.8m. This was the fourth consecutive surplus, and the previous month the main cause was a decline in oil imports.

The Department of Commerce reported that, in cash terms, oil imports declined by 21.3 per cent last month. Exports of oil imports to rise again in the coming months as the economy gains in strength, but the latest surplus should help towards an improved overall payments position this year.

The latest figures show that exports in May declined by 5 per cent to \$8,145.1m, but imports fell 11.5 per cent, largely because of oil, to \$7,093.4m. In the last four months exports have declined by an average of 3.5 per cent, but imports have fallen by 10 per cent.

These encouraging trade figures, together with the general improvement in the inflation rate, could strengthen the exchange rate for the dollar in international markets. The trade surplus in May was much greater than had been expected.

While there are fears that a deterioration in the trade picture will emerge as the economy strengthens in the second half of the year, the recent improvement in new oil import tariffs could to some extent slow the rise in oil imports in May. The latest figures show that the volume of oil imported fell by 42,000 million barrels, while the average per barrel price fell to \$11.57 from \$11.75.

The Department of Commerce reported that the trade surplus for the first five months of this year was now \$3,695.3m, with exports for this period on a seasonally adjusted annual basis of \$194.71m, or about seven per cent above the level for the calendar year 1974.

US indicators up, page 16

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US indicators up, page 16

How the markets moved

Rises	Falls	THE POUND
Attack 6p to 64p	Ass Port Cement 8p to 123p	Australia 1.75
Avon Rubber 2p to 34p	Barclays Bank 11p to 27p	Austria 38.50
Broken Hill 10p to 215p	Boots 11p to 205p	Belgium 36.50
Bracken Mines 8p to 38p	Commodities 5p to 115p	Canada 1.34
Baker Perkins 2p to 36p	Continental 5p to 115p	Denmark 12.50
First Re-invest 10p to 25p	De Beers 10p to 37p	Finland 8.10
Kinross 35p to 75p	GEC 5p to 117p	France 9.20
		Germany DM 5.40
		Greece Dr 67.75
		Hong Kong 13.00
		Italy Lr 145.00
		Japan Yn 685.00
		Netherlands Gld 5.55
		Norway Kr 11.25
		Portugal Esc 55.50
		S Africa Rand 1.93
		Spain Pes 127.25
		Sweden Kr 5.75
		Switzerland Fr 5.75
		US \$ 2.29
		Yugoslavia Dnr 32.50

FT index: 303.8 -9.9	The Times index: 129.97 -2.99
NSR News 2p to 39p	Philips Lamp 15p to 75p
Rio Tinto Zinc 15p to 181p	Selection Test 15p to 58p
Tecalemit 30p to 33p	Wellcom 30p to 47p
Hawker Siddeley 8p to 25p	Imp Chem Ind 6p to 25p
Lloyds Bank 13p to 22p	Lawdon 1p to 5p
Royal 10p to 132p	Taylor Woodrow 13p to 28p
Vickers 2p to 126p	

On other pages	Business appointments	Diary	Company Meeting Reports
16	16	17	17
17	17	18	18
18	18	19	19
19	19	20	20
20	20	21	21
21	21	22	22
22	22	23	23
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29	29	30	30
30	30	31	31

Batteries · Pharmaceuticals · Cosmetics · Dietetics
Light & Power · Environmental Protection

Varta Report 1974

Varta AG is the holding company for the group which comprises Varta Batteries, West Germany's leading specialist producer of accumulators and all types of electrical batteries: Busch-Jaeger, with its subsidiaries and now Byk Gulden, Milupa and Mouon, manufacturers of a range of pharmaceuticals, dietetics, cosmetics and technical products; and Ceg, which produces equipment for light and power as well as for environmental protection.

Sales

Varta AG increased its world-wide sales by 16.8 per cent —to a total of DM 1,689 million (at current rates about £324 million).

Consolidated German domestic sales and exports increased by almost 17.4 per cent to DM 1,269 million (about £244 million).

Export alone grew by almost a half, thus bringing their share of total turnover to 21.2 per cent.

Profits

The group's profit on consolidated domestic sales was DM 21.4 million (about £4 million).

Dividend

A dividend of DM 7 on each DM 50 share was voted by the general meeting, increasing the total amount distributed by more than one million DM to 21.7 million (about £4 million).

Personnel

The group employs worldwide 21,040 personnel of which about one third work outside Germany.

For a copy of the English version of the annual report, please write to: Frank Law, Chairman, Varta Group, Varta House, Hanger Lane, London W5 1EH.

VARTA Aktiengesellschaft,
Bad Homburg v.d.H., Federal Republic of Germany

Printing: Men, Machines, Management.

Newspapers and the case for government aid

By Derek Harris

British newspapers, under pressure on many fronts but "not a dying or bankrupt industry", could be greatly helped by government loans, possibly interest-free, to be repaid from savings they achieved with the many technological advances now available to the industry.

It would help newspaper managements to overcome the inevitable human problems of redundancy with retraining grants, leaving grants, pension schemes and whatever other methods were appropriate.

This suggestion was made by Mr. Duke Hussey, managing director of Times Newspapers, in the opening speech of the conference.

After Mr. Jocelyn Stevens, deputy chairman of Beaverbrook Newspapers, had talked of difficulties in getting union agreement to new techniques and machinery—he felt himself becoming "curator of the most expensive museum in history"—a union view came from Mr. John Bonfield, general secretary of the National Graphical Association.

He claimed the unions had already accepted technological advances which had come in during the past 10 years. But unions had to look to short-term problems like redundancy as well as trying to take a long view on how technology could be a good thing for the eventual health of the industry.

To cope with short-term problems and the effects of current economic recession, everybody would have to face the fact that the pace of technological change as envisaged would have to be slowed down for a time.

He felt a national-level plan to monitor and control labour intake into the industry was necessary. Redundancies should be on a voluntary basis, and there should be national guidelines settled for bringing in the new technological systems.

Mr. Hussey reviewed the problems of the newspaper industry and the tremendous opportunity the new technologies offered of bringing back health and wealth to that sector of printing.

There was a difficult newspaper market, with poor medium-term prospects of supply and very poor short-term price prospects.

The industry's revenue base was under severe attack: business and advertising was slack. Circulations were down because of the effect on household budgets of 25 per cent inflation.

The electronic and broadcast media were developing further competition to newspapers, and the industry's production processes were slow and wasteful of manpower.

Mr. Hussey went on: "Any one of these problems could be enough to bankrupt some newspapers, but all these problems face us at once, and it seems evident that many newspapers will not survive this pressure for long unless they can act to reduce costs and modernize."

"You think that I mean national newspapers. In the long run regional papers have as much to fear."

The new technologies were an opportunity for the combining and printing sectors as well as newspapers. He added: "I believe we now have a once-and-for-all opportunity not only to maintain the varied national press that we have, reflecting shades of opinion Right, Left and Centre, but also of creating a platform from which we can start new newspapers cheaply and establish them in this country."

He pointed out that now there were 130 national, provincial, daily and Sunday papers compared with 148 in 1948.

"This is not the picture of a dying and bankrupt industry. There is still a large and viable spread of national and provincial newspaper industry. There is still great buoyancy in the regional newspaper markets."

But Mr. Hussey added this caution: "Since the rapid increases in the prices of newsprint, the present economic crisis has made necessary, there has been a very marked fall indeed in circulation."

In May, compared with the same month last year, national

daily newspapers were down by a total of 555,000 copies and national Sundays down by more than 1.5 million.

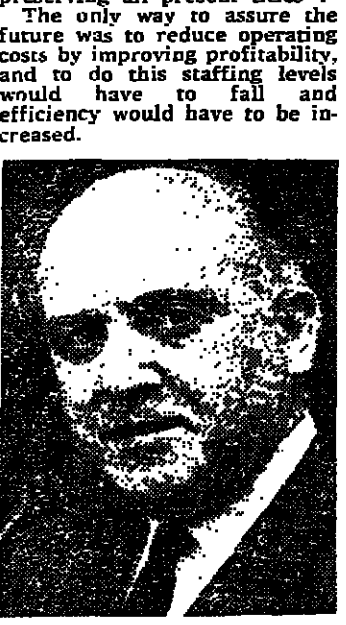
He went on: "It is possible that we may have to increase our prices again in the not too distant future. That could clearly have a devastating effect on circulation and therefore on advertising rates."

That in turn could affect employment throughout the industry.

The fundamental problem was not one of income—Fleet Street alone brought in something like £350m of revenue a year. It was a problem of costs.

"Newspapers are run on a high cost basis, frequently wasteful of their money, but this does mean—a most important point—that only a significant reduction in newspaper costs could make a dramatic difference to their chances of survival and go a long way to preserving all present titles."

The only way to assure the future was to reduce operating costs by improving profitability, and to do this staffing levels would have to fall and efficiency would have to be increased.



Mr. John Bonfield, NGA general secretary: unions doubly threatened.

The commodity and inflation crisis had come so rapidly that traditional parameters for planning no longer applied. He added: "This time the industry must change or face a quick, painful decline."

Many of the answers to current problems lay in the new technologies of computing, electronics, optics and photography which had thrown up equipment like photosetting machines, video-editing units, optical page scanners and computerized process control.

Mr. Hussey said: "Many people believe that investment in electronic and mechanical equipment which speeds up and vastly simplifies printing processes will mean the beginning of the end for printers and many of those who work with them. I do not believe this."

"On the contrary, I think the new techniques which are now available should rather be seen as helping to bring jobs in printing and publishing."

With the new techniques it would not be a major investment to set up a small newspaper. The door would also be opened to minority publications.

The technological advances would be only a new phase in a process which had been going on for 10 years. The NGA had taken aboard during that time such revolutionary techniques as teletype setting and transmission by such setting.

Increases of productivity which had resulted had reduced the field for future employment. Methods could more easily be brought in where there was expansion. But the union had decided not to test the new technologies even though that was a possible strategy from a union point of view.

The setting up of national machinery to look at the problem of redundancy was, he felt, to convince those whose jobs were being threatened that nothing was being left to chance. Guidelines nationally would have to be laid down before new technologies could be brought into individual establishments.

There was a heavy responsibility on all managements to devise imaginative redundancy schemes, because bringing in new techniques would be bound to displace considerable labour. Mr. Hussey went on to say that in areas where the Government can be of great assistance.

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The speakers were Mr. Duke Hussey, managing director of Times Newspapers; Mr. Lawrence Wallis, of Addressograph-Multigraph International; Mr. Peter Medcalf (Hunt Barnard and Co.); Mr. Roderick Boyd (Richard Clay Group); Mr. Royley Atterbury (Westinghouse Press) and Mr. Collins (Williams Collins Sons); Mr. John Bonfield, general secretary of the National Graphical Association, and Mr. Greville Jenner.

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Chairman of the conference was Mr. James Moran, editor of Printing World.

They constantly ask how they can help.

"In my view, the way they can help us most is by a loan, maybe interest free, to be repaid by the newspapers from the savings they achieve, to help companies overcome the inevitable human problems of redundancy with re-training grants, leaving grants, pension schemes or whatever other method may be most appropriate to the circumstances of those who will be leaving."

Government could also help in setting up retraining schemes for displaced workers.

He added: "While we accept that every newspaper has its own problems, we can also approach this across the whole industry, with talks at the Newspaper Publishers Association level with all the unions."

Mr. Stevens said newspapers—the sector of printing where economic pressures were most strongly felt—must be independent of all pressures other than the approval of their readers and the advertisers.

If the national newspapers were stopped from taking advantage of the new technology, there would be no national newspaper industry. He agreed that readers were being asked not to want to pay higher prices and advertisers not wanting to pay higher rates.

He went on: "We need new money for capital projects. Without money neither men nor machines nor managements can develop for the future."

The mechanical and maintenance unions could not be criticized for plant that was wasteful and inefficient and for bad working conditions, but they could be criticized if management committed themselves to heavy capital investment programmes and unions prevented it.

Beaverbrook Newspapers had plans which for the Fleet Street office alone involved £5m in investment. But some improved plant was standing idle—a new machinery room ready last April had still not produced a single newspaper, automated publishing rooms had not tied a single bundle of papers.

Mr. Stevens added: "There are areas where considerable progress has been made and new plant is in production at new manning levels. But I regret to say that we have not been able to reach some agreements we need to implement re-planning programmes which every member of the company knows are vital for the future of the company and their jobs."

Mr. Bonfield emphasized that the technological advances would be only a new phase in a process which had been going on for 10 years. The NGA had taken aboard during that time such revolutionary techniques as teletype setting and transmission by such setting.

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Leyland shareholders move to block nationalization plan

By Desmond Quigley

Moves by some shareholders to block the effective nationalization of British Leyland will reach a climax with the British Leyland Shareholders Action Group meeting to consider an alternative scheme for the future of the company to the Ryder report and to vote on a motion which is basically one of no confidence in the BLMC board.

The meeting will to a certain extent test the power of the dissident shareholders, who have already lost the first round by failing to stop the company increasing its borrowing powers at an extraordinary meeting last month.

However, the full extent of the following for the dissidents is unlikely to be clear tomorrow because, institutional investors, who are not saying what their intentions are, are an important key.

There are suggestions in the City that some institutions will split their shareholdings so as to retain some stakes in the new company which it is proposed will emerge from the Scheme of Arrangement.

Some apparently felt that while they believed the Government's terms of 10p a share are the best that can be secured, they do not want to be seen as giving unequivocal backing to the Government intervention in industry. To this end, a part of their holdings may be cast in favour of taking up rights in the new company.

Some of the smaller institutions may also opt to stay in the new company if the Scheme is approved at an extraordinary meeting next month, on the basis that they have already written off their investments in Leyland and that, on a long-term view, a holding in the revised company may pay dividends.

At first, shareholder opposition to the Ryder proposals was scattered and uncoordinated. But during the last month or so there has been some coalescence with the Shareholders Action Group making most of the running.

At today's meeting, Mr. Noel Falconer, a member of the Department of Decision Theory at Manchester University and a leading light behind the action group, will put forward a reconstruction plan.

He proposes that there should be initial investment of £200m, plus a further £50m a year compared with the Ryder report's suggestions that £1,500m was needed over the next seven years.

Mr. Falconer wants to see manning reductions among both shop floor and management workers, a ban on graduate recruitment, an end to demarcation lines between average and multi-shift working at normal rates of pay.

Dr. Herbert Lane, a 47-year-old business consultant and another member of the action group, said yesterday that Mr. Falconer was drawing up a list of suitable directors for a new Leyland board. Dr. Lane said that Mr. Falconer's name would certainly be put on the list.

US index points to end of recession

From Frank Vogl, Washington, June 26

America's composite index of leading economic indicators rose for the third consecutive month in May, with none of the 10 individual components showing a decline.

These latest figures will strengthen the already widespread view among experts that the economy has finally turned from recession to real economic growth.

There was a rise of 2.1 per cent in the composite index for May to 95.9 (1967 equals 100), after rising by 3 per cent in April. The most important factor was the improvement in the inflation rate last month.

This latest data on prices has given rise to numerous optimistic forecasts with Mr. Walter Wriston, chairman of the National Industrial Conference Board, now predicting an annual inflation rate of just 4 per cent by the final quarter, while Mr. William Simon, the Treasury Secretary, is forecasting a 5 to 6 per cent rate by the end of the year.

Particularly encouraging aspects of the new economic data released by the Department of Commerce today were that large gains were registered in the volume of building permits issued in May, rises were seen in new orders from both consumers and businesses and the level of employee lay-offs remained unchanged.

Most experts consider the reasons for the recovery to be a return to real GNP growth to be seen in the third quarter.

5-year scheme for UK sugar

By Hugh Clayton

Plans to raise output of home-grown sugar by a third in the next five years were unveiled yesterday by the British Sugar Corporation. Mr. Kenneth Sinclair, chief executive, announced a modernization programme to increase the annual output of white sugar from 950,000 tons to 1,250,000 tons in 1980.

The scheme is centred on five of the corporations 17 factories. Total costs of the scheme will be between £75m and £100m at today's prices, with the first £15m to be spent in the coming 12 months.

It will save £50m a year on the country's food import bill, Mr. Sinclair said.

German surplus up

West Germany's surplus on foreign trade rose to DM3,235m (about £630m) in May from DM2,810m in April, so ending the consistent downward trend of the first four months of this year.

Aluminium price rise

Increases averaging 2.7 per cent for most of its aluminium products will be implemented early next month by the Kaiser Aluminium and Chemical Corporation. The upward price move is the first for 10 months.

The move is designed to meet severe cost pressures in the company's aluminium operations.

Dearer Renaults

Retail prices of Renault's range of cars sold in the United Kingdom will be increased by an average of seven per cent on July 7.

French index rise

Informed sources in Paris said France's retail price index rose by 0.7 per cent in May compared with 0.9 in April, according to figures due to be published later today by the National Statistical Institute.

£36m Alfa Romeo loss

Alfa Romeo, the Italian car maker, lost more than £2,000m (more than £36m) last year, its annual meeting will be told.

W. H. Smith experiment

W. H. Smith is to experiment with five-day trading in two of its stores to see if this trading pattern, now widely used by several other retail groups, is applicable to its type of business.

Import controls call

The Clothing Manufacturers' Federation yesterday emphasized that it was pressing the Government to impose controls on imports of men's outerwear from Portugal. The heading on a report which appeared in Business News yesterday gave the impression that the CMF was seeking restrictions on imports of shirts from Portugal.

LETTERS TO THE EDITOR

Management education: filling in gaps

From Mr. Victor Levinson

Sir, Professor Ball's review of management education (June 23) was a most interesting, informative and yet, in my opinion, incomplete commentary.

His account of the growth and development of business schools, like others, has failed to enlighten the reader as to the relevance of this form of training for management and the value of it as a forum for research. This is a pity if only because we are living in a period of economic stringency, and at a time when many are challenging the scale of public expenditure in education as in other spheres.

As one who, some time ago, saw the difficulties of integrating into an organization on completion of a two-year course, my experience and views may not be unique. Uppermost is a suspicion that far too many younger students are able to go on long management training programmes and far too few older students are able or are encouraged to take short courses.

The distinction is the fallacious mystique of the business graduate (who does not fit in for a long time) versus the professional person who takes a good short course, has an interchange of ideas with peers in other organizations and goes back enriched, and immediately improves his management team.

Business education is important to those who engage in it; those who fund it; and those who profit from it; and it would be encouraging to believe that all companies and public bodies fall into all three categories. However, as we move into a second decade of "Masters of Business Administration" one can unfortunately foresee a situation in which more and more young people are searching for glorious opportunities which may not exist in this country for some time to come.

Sir, please could we temper this laudable optimism of the business education with a strong sense of reality and a loud voice from all who pay for it?

Yours sincerely, VICTOR LEVINSON, Hill and Knowlton (UK) Limited, Swiss Centre, 10 Warden Street, London, W1.

From Mr. R. A. B. Gwilland

Sir, Professor Ball's article (June 23) celebrating the tenth anniversary of the foundation of the London Graduate School of Business Studies should not tell those professionally concerned with the future of British management into a false belief that all is well.

We recently questioned over 2,000 graduates of nine major European and American business schools employed in Europe, and last month published the findings.

The survey showed that the business graduate working in Europe was extremely well trained and highly qualified: very few students appear to enter the business world on the basis of professional qualifications alone, and a large majority had not only a professional qualification but also a first-class degree.

However, the survey highlighted the dearth of first degree and similar qualifications in business studies available in the United Kingdom as compared with the situation in the Continent.

I believe that business education is best taught at the post-graduate and post-experience level, but this means that our existing provision needs to be considerably expanded and more young, prospective managers encouraged to study for

the appropriate qualifications.

The survey shows conclusively that Britain is lagging badly behind the rest of Europe, both in terms of provision for business education and in the remuneration of business graduates.

Even taking the alleged lower standard of living in Britain into consideration, there is still a considerable difference in the remuneration of a British business graduate working in the United Kingdom and another working in, say, Germany.

Much favoured by British graduates, can his salary begin to compete with that of his French equivalent, though certainly not those in Germany or Switzerland.

Not only is the British business graduate significantly worse off financially than his continental counterpart, but he also has far less opportunity to study business subjects before attending business schools.

One can speculate that the two factors are connected: the British business graduate is perhaps less well trained and paid accordingly. But my company's experience of British business graduates is that they are not better or worse qualified to do their job than anyone else.

It is in the area of remuneration that Britain lags so far behind and until this situation is rectified the current exodus of good management from the United Kingdom is likely to continue.

It is also true that our economic survival as an industrial nation depends on the quality of management.

Yours faithfully, ROBIN GOWLAND, Managing Director, Egon Zander International, 57 Jeremy Street, London, SW1.

June 23

Need to raise productivity

From Mr. E. A. King

Sir, Len Murray's message about our low level of productivity (Business News, June 19) must surely be given full support.

Concentration on the effects of inflation has overshadowed the fact that a rising standard of living can only be achieved by producing more from available resources and increasing productivity. We can argue about the distribution of the benefits created by that increase, but without it we shall languish at the bottom of the economic league.

Compared to our European neighbours, our productivity record is a sorry one. One reason is the lack of capital investment, and certainly more is needed, but there is still much we can do without waiting for investment. We have a wealth of unused expertise, techniques and ingenuity which could substantially improve our performance. What is more, the means for obtaining improvement lie clearly at hand.

The next wage claim, the next price increase and the next addition to government expenditure can be met from the customer, the tax payer or from increased productivity. The first two just shuffle the effects from one to another. Productivity, on the other hand, is creative and it is from this that our future prosperity will come.

E. A. KING, Director and general secretary, Institute of Practitioners in Work Study Organisation and Methods, 9-10 River Front, Enfield, Middlesex.

Capital Transfer Tax relief for trusts

From Mr. A. M. Alexander

Sir, You will recall that, at the time when the Capital Transfer Tax legislation under the previous Finance Bill was being rushed through Parliament, a substantial body of representations was made through your columns, and elsewhere, on what were originally the penal provisions applicable to discretionary trusts. In particular, it was represented in many quarters, including by the Eborac Law Society on whose committee I serve, that the nature of these penal provisions ought to be afforded a period of grace during which time they could reorganize their trusts, without tax liability, to make them non-discretionary.

At that time the suggestion was turned down but of course substantial relief was afforded in the eventual Finance Act in connexion with distributions made prior to March 31, 1980.

As a result of correspondence with the Revenue, it now transpires that due to the inefficiency of the parliamentary draftsman the relief of the nature originally sought is in fact actually given under the Act.

In a recent letter from the Exchequer Duty Office that Office has written to say "as the application of the capital of the discretionary trust was effected prior to the 13th March 1975—(Royal Assent Day)—the application is not considered to fall within the provisions of Part III of the Finance Act 1975 and accordingly no charge to Capital Transfer Tax arises".

It appears that while gifts, which in the Act are called "transfers for value", are retrospectively caught after March 26, 1974, the parliamentary draftsman omitted to remember that distributions from discretionary trusts were defined not as "transfers of value" but as "capital distributions" and hence omitted to specify the retrospective date from which such distributions might be taxed. Hence the Revenue have apparently decided that they

are unable to tax distributions made before the Act was law. A most laudable decision.

It is however an appalling commentary on the fiscal legislation that, as a result of an accident of transactions, which until now, even the experts had assumed were taxable, are to be exonerated, by the pure coincidence of the date on which they were effected, when, at the time legislation was being enacted, such a concession was refused. Would it not now be appropriate in the light of this totally artificial distinction retrospectively to provide that capital distributions made from discretionary trusts before

April 1, 1976, should be entirely free of tax; instead of being taxed on the concessional 10 per cent rate which was the maximum concession which the Government indicate that they were prepared to give, although inadvertently, the have given much more to those clever, lucky, and quick enough to appreciate the anomaly, a gamble on its not being amended in any of the numerous drafts of the Bill.

Yours faithfully, A. M. ALEXANDER, R. W. HOLDEN, The South Plantation, West Melksham, Wiltshire, TA10 2JH, Taunton, Somerset, June 18.

Steel Brothers

Extracts from the Statement by Mr. J. H. Gaunt, Chairman

★ Group pre-tax profits increased from £2.4m in 1974 to £2.7m in 1975. The Middle East and Africa markets substantially increased contributions and Canada maintained the high level reached in 1973.

★ We will continue to concentrate our development plans on those areas which we believe offer a satisfactory return geared to the political risk. Further with well spread assets we

BY THE FINANCIAL EDITOR

An attacking stance from the Capital Markets Committee

It is good to see the City Capital Markets Committee under Mr. Fraser offering an intellectual apology for freedom in the capital markets. From what Mr. Fraser has said in the past, it is clear that the committee is not averse to a more active role in the market. At least this should be a welcome change from the passive stance which has been the norm in the past.

At the very least this should be a welcome change from the passive stance which has been the norm in the past. The committee's role in the market is not averse to a more active role in the market. At least this should be a welcome change from the passive stance which has been the norm in the past.

Industrial nation has been subjected to the same sequence of nationalisation, devaluation, and inflation. The committee's role in the market is not averse to a more active role in the market. At least this should be a welcome change from the passive stance which has been the norm in the past.

It is going strong at the moment and looked to be more than enough to see the year-end. The committee's role in the market is not averse to a more active role in the market. At least this should be a welcome change from the passive stance which has been the norm in the past.



Mr. R. M. H. Marriott, who has been elected chairman of the Capital Markets Committee, yesterday outlined his intentions of continuing the administrative changes set in train by his predecessor. He called on the Government to "start having a more active role in the market."

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In the meantime, inflation has made an obvious impact on the stock market. The committee's role in the market is not averse to a more active role in the market. At least this should be a welcome change from the passive stance which has been the norm in the past.

Racal
Leaving the forecast behind

Having forecast profits of above £8m for 1974/75 Racal Electronics has in fact managed £9.1m. Once again, then, its forecasting proves to be conservative. The company's growth situation with profits last year continuing the trend with a 53 per cent gain on sales 45 per cent ahead at over £50m. This and the fact that Racal is a major overseas earner—some 70 per cent of profits are now earned outside the United Kingdom—selling to around 150 markets throughout the world, makes its shares a market favourite. All parts of the business did well last year, and with new products in its mobile telecommunications range, Racal apparently made substantial headway with its Clansman products which were introduced comparatively recently.

The only small doubt is the effect of the defence cuts, with some 15 per cent of sales going to the United Kingdom Government which, for instance, a major customer for Clansman but these cuts should mean no more than a

deferral of British ordering and should make no significant impact on results this year.

As such, Racal is again looking for another period of growth. Given that the company is self-financing (one of the few which can point to an improved liquidity position since 1974/75) the shares could go further if the market generally recovers its nerve. At 26 1/2p they yield only 1.55 per cent and a p/e ratio of 13; the dividend, incidentally, is now covered 4 1/2 times.

Final: 1974/75 (1973/74)
Capitalization £62.5m
Sales £50.2m (£34.6m)
Pre-tax profits £9.6m (£6.2m)
Earnings per share 19.49p (12.15p)
Dividend gross 4.34p (3.86p)

ATV
Non-television growth hopes

Almost all of the £1.5m decline in the pre-tax profits to £5.75m at Associated Television can be traced to the television work activities. And if ATV and the other contractors are unhappy about the present levy system, which begins to bite when profits hit £250,000, then they would be even less happy about the previous system which operated on a turnover basis. Hopes of any amelioration of the levy are dependent upon Government goodwill, so the present parliamentary timetable offers little scope in the foreseeable future.

Instead, one must look to ATV's other interests to provide future growth, and these seem promising. Films if not too buoyant last year can look forward to possibly £3m of profits accruing from the Return of the Pink Panther which is apparently having great success in the United States while there are great hopes for Moser. Five Records have so far defied the economic recession and must have turned in another excellent performance and property benefited from further lettings at the Birmingham development.

Then after the cut in the dividend total, the shares at 40p are yielding an attractive 14.8 per cent and are standing on an historic p/e ratio of just over 6. With the overseas earnings content increasing rapidly, one can think of the company's front may be reassured by the rate at which the £10m-£15m in films could be recovered. A limited purchase of the shares should come to little harm.

Final: 1974/75 (1973/74)
Capitalization £4.75m
Sales £45.5m (£23.4m)
Pre-tax profits £4.3m (£2.32m)
Earnings per share 16.9p (8.4p)
Dividend gross 5.5p (4.9p)

Mitchell Cotts
Attractive convertible

With the rump of its previous convertible being converted or redeemed in the middle of last year, it is no great surprise to find Mitchell Cotts producing a new convertible for £4.75m. And with a 13 per cent coupon and conversion equivalent of 64.5p against last night's 57p for the ordinary, it would take a fairly severe setback in the market over the next few weeks to leave the issue looking anything other than attractive.

Meanwhile, profits look to be comfortably on course for something just over £7m pre-tax (ex-Tedabo), while a maximum dividend increase is forecast to throw up a prospective yield of 8.2 per cent.



A BP refinery at Rotterdam: the company is negotiating to lease part of its surplus capacity.

Oil companies ponder the impact of a fresh rise in crude prices

Oil production from the Middle East is expected to start climbing out of a year-long depression during the next three months, as oil companies and consumers in the industrialized nations rebuild their stocks in advance of a price increase on October 1. Generous stocks put down in the wake of the supply crisis were depleted three months ago, and winter and spring as companies attempt to free the large amounts of capital tied up in the oil storage tanks.

But the return to brisker trading could be temporary. Industry sources say that once stocks have been replenished and prices increased, "liftings" could again decline, although probably not to the very depressed levels of earlier in the year. Evidence of economic recovery, plus a cold winter, are needed to ensure a longer term recovery in demand.

The Organisation of Petroleum Exporting Countries (Opec) will find the higher liftings a temporary relief from the pressures that the slump in demand for crude oil has placed on the organization's unity. For the oil companies there will be short-term advantages in being able to negotiate improved rebates and Shell and BP led a move to a lowering of the scheduled price on the gas oil/diesel side. Only generous profits in the petrol market make the overall trading pattern profitable.

Because of the Saudi upswing, Iranian production declined by 19 per cent to its lowest level since September, 1972. It is doubtful whether the Iranians could afford to allow this to continue for any length of time.

Opec restrictions on profit levels for the oil companies have resulted from the control that the producers have won over the industry. Instead of making their money at the crude oil trading or "upstream" end of the operation, companies are now being forced to maximize their profits from "downstream" refining and marketing, where previously profits had been considered a bonus to "upstream" trading profits, but not essential.

Signs that the companies have already started to tailor their operations to fit this situation are now emerging. Gulf Oil is restructuring its operations into seven investment companies, all working independently of each other: BP is negotiating to lease part of its surplus Rotterdam refinery capacity to an independent—move that would have been unprecedented only a few years ago.

But the time for the restructuring is not ideal. The glut of crude has produced cut-throat competition in the market-place, particularly on the Continent, where few companies are making any marketing profits. At the same time demands for capital to invest in new energy projects is growing from within the large corporations. Chase Manhattan estimates that the industry needs to invest 1.2m million dollars up to 1985.

The failure to reflect the rising cost of crude oil in the depressed market price for products has squeezed company profits hard during the first quarter of this year. Shell's net income dropped by 30 per cent to £220m, while BP's earnings fell down from £290m in 1974 to £42.2m.

The average drop in earnings for the five largest American oil companies, Exxon, Gulf, Mobil, Standard Oil of California and Texaco was 30 per cent in the same quarter.

In this situation none of the usual oil company pundits is anxious to forecast what will happen when the size of the Opec price rise is announced in September. There is unanimous agreement that increased costs must be passed on, but how this will be done in such a competitive market is uncertain. Most companies are hoping that demand will have edged up slightly by the autumn.

In the United Kingdom, where at the beginning of the year margins were the largest in Europe, returns have been progressively whittled away by the competitive state of the fuel oil and gas/diesel oil markets. Large industrial consumers have been able to negotiate improved rebates and Shell and BP led a move to a lowering of the scheduled price on the gas oil/diesel side. Only generous profits in the petrol market make the overall trading pattern profitable.

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Out-dated 'ceilings'

Main complaints from the industry at the moment are that profit ceilings were set at a time when "upstream" profits were available. Now they are forced to seek returns at the other end of the market the companies are hampered by out-dated ceilings and the severe competition.

The bulk of industrial fuels in the United Kingdom are sold on long-term contracts, and while in times of intense competition buyers can win larger rebates the market is generally free from the peaks and troughs of prices that occur on the Continent, where industry tends to buy short-term with prices linked to the spot market.

After a period when prices were rising and refiners were losing money on every barrel processed, returns in Europe are beginning to improve very slightly and there appears to be a trend towards harder prices. Even the spot crude market is beginning to strengthen and buyers are now emerging for the more expensive Libyan and Nigerian crudes that were almost unsaleable a few months ago.

Restocking is unlikely to bring any major relief to the suffering tanker market. The larger volume of oil on the move will probably not justify taking out of moth-balls any of the 100 million tons of redundant tankers that are laid up throughout the world. Instead, vessels that are slow steaming on the routes between the oil fields and the industrialized countries will increase their speed so that higher volumes can be delivered.

Roger Vielvove

Flixborough: lessons for technology and management

Lessons in management and technology from the explosion at the Nyrpro (United Kingdom) factory at Flixborough in June, 1974, are relevant to a wide range of industries, and not simply process industries using flammable chemicals, according to a report published yesterday. Potential hazards can be identified and to some extent quantified; ways of controlling or financing risks can be evolved. Management should be prepared for the worst possible disaster and their planning should reflect this.

This, in essence, is the message which the author of the report, Dr. Harry Taylor, of the Keith Shipton Developments consultancy, London, conveys. At Flixborough the normal process for producing caprolactam (used in the production of a type of nylon) involved six reactors, connected in series, in which cyclohexane (a liquid similar in many respects to petrol) was heated under pressure. Before the accident, No 5 reactor developed a leak and was taken out of action for inspection. It was by-passed by connecting reactors 4 and 6 by a temporary pipe and bellows assembly, which had to be angled or "dog-legged" to accommodate a difference in height.

The forces acting on this type of connection were not appreciated and the assembly itself was not realistically tested before being fitted, the subsequent court of inquiry determined. After the modification, the plant was operated normally for almost two months. On May 29 the plant was shut down after a leading valve had been found.

It was started up again in the early hours of Saturday, June 1. During the afternoon of the same day there was a rapid leakage of hot liquid which partly evaporated into a large vapour cloud which ignited and exploded, killing 28 people, injuring 36 more and more or less demolishing the factory.

The court of inquiry determined that there were two possible sources of the initial leakage of cyclohexane. One was failure of the 20-inch-diameter dog-leg connection between the two reactors; the other was failure of an 8-inch-diameter pipe joining two other vessels.

The more probable cause, the court concluded, was failure (enlargement, jack-knifing and rupture) of the dog-leg pipe and bellows assembly.

Both the managing director and the general works manager were qualified and experienced chemical engineers, but the position of works engineer, previously held by a chartered mechanical engineer, was vacant. Even before the departure of the works engineer the engineering structure of the company had been recognized to be weak.

So much for the events leading up to the accident; what of the lessons? First, for management: most obviously, Dr. Taylor says, there is the need to identify and evaluate risks with sufficient accuracy to be able to take correct decisions. This is reflected in a company's contingency planning to cover all risks, including the risk of disaster. With the Flix-

borough explosion came the destruction of all records of the operation of the plant. It potentially hazardous situations a special protection for people and records is desirable.

Potentially catastrophic risk may be associated in particular with process industries in which flammable liquids and gases; and, indeed, it may be here that engineers and scientists can make their greatest contribution.

But attention to technical detail is important in other industries, too. Dr. Taylor argues. "Trains which run into buffers," he says, "coaches which crash into ravines, schools which suffer partial collapse through the use of the wrong cement are all examples of tragic or serious accidents which could probably have been avoided by attention to technical detail and the asking of awkward questions at the right time."

Flixborough highlighted many lessons for financial directors and insurance managers in industry, the Shipton report says. Third party liability, for example, is highly relevant for owners of hazardous plant in built-up areas.

Nyrpro was the sole producer of caprolactam in the United Kingdom, so that the sudden total loss of this source of supply must have been critical for customers. To what extent could they have been protected by double-sourcing or by insurance? And how adequate are insured values in a time of high inflation?

Among the technical lessons arising from Flixborough is the general difficulty of ensuring that the quality of supervision matches the quality of design and construction of the original plant. "As a general principle it should be considered that change implies danger," Dr. Taylor says, "and that whatever modifications are made to a plant, it may be necessary to bring to bear more than one engineering discipline to ensure that the extent of the danger is kept to a minimum."

Technical investigations of the Flixborough accident revealed a number of gaps in technology. The crack which caused the leakage in Reactor 5, for example, was caused by the previous use of nitrate-treated cooling water to dilute small leakages; this risk of nitrate stress corrosion was not generally recognized before.

The general importance of the lessons of Flixborough are being underlined by the Department of Employment's Health and Safety Executive, which has begun to distribute 100,000 copies of a 10-question leaflet to industry. A Flixborough-lessons exhibit is being held at the Industrial Health and Safety Centre in Horseferry Road, London.

Flixborough. The implications for management by H. D. Taylor, published by Keith Shipton Developments, London, in association with Woodhead-Faulkner Cambridge, £1.50. After Flixborough, 2, published free by the Health and Safety Executive, London, and available through offices of HM Factory Inspectorate.

Kenneth Owen

JOHN BRIGHT GROUP

Hopes fulfilled
The 52nd Annual General Meeting of the John Bright Group Limited will be held in London on July 16, 1975. The following is a summary of the circulated Statement of the Chairman, Mr. J. M. L. D. Forde, for the year ended March 30, 1975.

THE RESULTS
The results of the Group for the year have fulfilled the hopes expressed in my last Statement. Pre-tax profits of the Group before deduction of Loan Stock interest rose from £944,806 to £1,267,606. Our profit would, however, be substantially lower than the figure shown in our accounts if depreciation were charged at the full rate demanded by the increased replacement cost of plant and machinery. An interim dividend of 0.95p has been paid and your Board now recommends a final ordinary dividend of 1.10p per ordinary stock unit of 25p, making a total of 2.05p for the year against 1.925p paid for the previous year. After allowing for tax credits, the total dividend is equivalent to 12.441 per cent, as against 11.268 per cent, paid last year.

TRADING
Industrial textiles have increasingly become our dominant operation and our order book in this division at the close of the year remains at a high level. Our spinning capacity enjoyed an almost insatiable demand for cotton yarn until September, when the market declined sharply. The decision was taken during the year to reduce our spinning output to a level more in keeping with our future needs. This reorganisation has now been completed successfully and we are once more trading profitably in our spinning activities. The operations of the carpet yarn spinning unit suffered from the recession in the carpet industry, but the adverse effect was somewhat mitigated by the continuing demand for heat-set yarns. Since November, the downturn in the motor industry world-wide has been reflected by a fall in the demand for tyre cord fabric. The decision was reluctantly taken in March to close our Carhill plant in order to concentrate production and preserve the skilled labour force at our other two cord fabric plants. Building on our present strong position in the technological field of reinforcement materials for the rubber and plastics industries, we have embarked on a major expansion programme in this area.

THE FUTURE
With a good order book for industrial textiles and the improvement in the raw material supply position, we should be able to look forward to another satisfactory year, even though the outlook for our carpet yarn and cord fabric activities is not as encouraging as we would like it to be.

Business Diary: Petrol pump • Knight errant

ince of Wales sat in on ay's board meeting at en the directors were ig with their biggest the year, clearing next capital expenditure pro- tions to a board meet- the prerogative of the n, Sir Eric Drake, and ins to be seen whether a shareholders will be invited to the Btchase boardroom. The chance to pump BP's s on how a board func- ame after he had men- a company board in progress. Not known what the ish thought of the BP s attempts to sort out blems of rising capital ture requirements a background of declin- itability. e the one and a half- board meeting the was entertained to y Sir Eric. Informal royal visit s BP's reputation as a y with a taste for cele- america and the were out in force at ic House earlier this hen Christina Onassis to make a lunch with e her first public busi- appearance after taking her father's shipping

controversial plans to nation- lize the shipbuilding and air- craft business of a man who would have been in the thick of the haggling on both fronts is announcing his retirement.

Sir Maurice Banks, chairman of the Laird Group—which has a half share in Cammell Laird Shipbuilders and in the parent company of Scottish Aviation—is going back into aviation on Monday. He will be succeeded by seasoned industrial knight, Sir Ian Morrow, a central figure in the Rolls-Royce affair.

It was five years ago that Sir Maurice was pulled out of retirement by the now defunct Industrial Re-organization Corporation to head the group reconstructed from the collapse of Cammell Laird. He had retired from a deputy chairmanship with BP three years earlier, although he had immediately taken on the chairmanship of a committee established by the Government to examine the patent system and patent law.

A recent government White Paper substantially accepted the recommendations made by that committee and the Bill is expected to be introduced in the next Parliamentary session. Before his retirement—the first, as he had spent a life-time in the oil industry, joining Anglo-Persian Oil Company (later BP) in 1924 and with a long stint on the refinery side of the company's operations. It may yet be that Tony Blair's appointment of the nationalization Bill, which would have had a big impact on Laird,

may in his new role as energy supremo call again on the services of Sir Maurice.

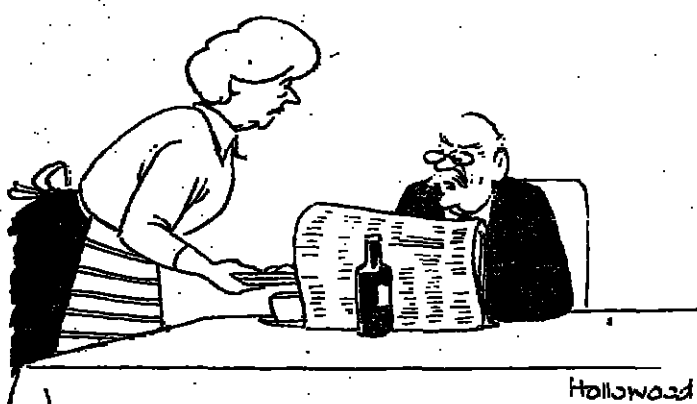
Sir Maurice was belatedly named the National Cancer Day Society's Businessman of the Year in 1972 for his work at Laird, which, the citation noted, had been achieved "despite the heavy setbacks that Laird suffered in the Hawley Page and Rolls-Royce collapses."

With Sir Ian's appointment the wheel has turned full circle. His time as a company doctor—with Rolls-Royce 1971 was a controversial and fairly stormy one. His familiarity with the Whitehall-industry interface should make him fit for the battles ahead.

£10,000 reward
Checkmate Fashions, a Leicester knitwear manufacturer, is this week sharing out a £10,000 bonus among its 300 employees at a time when many companies in this business are working short staff.

Stefan Olsberg, Checkmate's managing director, says that for many of the shopfloor workers it would make up for two thirds of the £280 million negotiated rise that they decided to forgo last January.

Managers and machinists alike voted to forgo rises for a year after Olsberg said that the resulting increase in competitiveness would make short-time working less likely. He estimates that the workers' forbearance enabled him, long before the pound tumbled to its present depths,



"I knew it! As soon as the poor pensioner buys index-linked savings certificates the Government steps in to halt inflation!"

to pitch manufacturer to wholesaler prices 10 per cent lower than otherwise, which may have meant that the garments were 20 per cent cheaper than otherwise in the shops.

More than half the firm's business is for export. Olsberg regards Checkmate as being in competition with other British fashion manufacturers rather than with the Taiwanese.

The hosiery and knitwear workers' union disapproves of the deal and of the continuous working that has resulted. Checkmate is, however, a union shop and union members voted for the year-long voluntary freeze along with the rest.

Olsberg says that some of the girls are now earning more money than before the foregone

Toyota and Nissan, are said to be receptive to the application. The idea is that the Environmental Protection Agency's test results would have to be included in fuel economy advertising, thus allowing a third party to settle the matter, much as cigarette companies can proclaim their product is less poisonous than somebody else's on the basis of impartial official tests.

Whatever the outcome of the latest moves on either side of the Atlantic, it is amusing to see car companies slating each other over allegedly misleading advertising, considering some of the nonsense that is heaped at consumers. Chrysler, DAF, and Vauxhall all gained dis-honourable mentions in a recent advertising survey carried out for the Environment and Consumer Protection Service of the EEC.

Where there's a will, there's a way, and five nephews who are all legatees in a will published today have to find it or lose £500. A Lancashire man who died earlier this year has, after making provision for his widow, left £200 each to the nephews. This is to be invested with the intention of making the highest capital gain within a year from payment of the legacy, the winner to net another £500.

Perhaps inherited wealth wouldn't have been such a hot political potato if more wills reached this standard of inventiveness.

Motoring guide
British Leyland's complaint to the Advertising Standards Authority about a Ford advertisement claiming that a Cortina is cheaper to run than a Mini only mirrors developments already afoot in the United States.

There Ford, along with General Motors and Chrysler, the other two members of the "big three," have filed a petition with the Federal Trade Commission asking for guidelines on fuel economy advertising. Volkswagen, the biggest European importer, as well as

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Pressure on the pound sends share prices sharply lower

The renewed pressure on the pound overwhelmed all other factors in the stock market yesterday, and both gilts and equities fell sharply. Equities opened the day well, but slumped at mid morning when sterling's downward plunge brought a spate of nervous selling.

The City was pleased with the TUC's agreement to a stronger line on pay claims and also with the extensive amendments to the Government's Industry Bill. But investors were unnerved by fears that a setback for the pound could force the Chancellor into economic measures more severe than anticipated.

Gilts had an unhappy day. "Shorts" were worried by the further decline in sterling and the possibility of a slight increase in Minimum Lending Rate today. "Longs" suffered

smaller falls, partly attributable to profit-taking after Wednesday's rise. Dealers described business as fairly heavy. "Shorts" were as much as 1 point down. Falls of 1 or 2 points were common in "longs", but most prices were 1 point above the bottom.

With the trading account

due to end today, the equity market was a sorry place as Wednesday's buyers were shaken out. The weight of selling was heavy than the falls in market indices suggested, however. Market bars totalled only 6,104, and buyers were able to pick up stock below market levels, and thus further depress the indices. But trading for new time brought no buyers—in fact trading died away to a trickle.

The slump in the pound brought selling of shares in Britain's major exporters, who would be quickly affected by emergency moves to curb foreign exchange trading. ICI fell to 275p (closing later at 259p, a net 6p off), and Bats fell to 300p (later 3p off at 307p). Fisons, finally 10p off at 374p had touched 373p, and Glaxo, 12p off at 330p had touched 327p.

Shares in Bowater, still smarting from the rights issue, fell 6p to 144p, and Reed International at 225p were also easier. The market is feeling rather full of rights issue underwriting just now and the knowledge that others are waiting in the pipeline helps to depress shares.

An enthusiastic reception for Wednesday's trading figures lowered Plessey by a further couple of pence to 65p. GEC, due in report soon, gave up 5p to 177p. I.C. Gas weakened in further response to Wednesday's trading report.

The one firm section was the shipbuilder shares, where news

of postponements of nationalisation put severe pressure on Swan Hunter (653p) and Vosper (67p). But GKN (225p), Tube Investments (240p), Metal Box (238p) and Hawker Siddeley (252p) all fell back. Among the building shares, fears of cuts in public spending were reflected in falls in Taylor Woodrow, 13p off at 284p, and AP Cement (135p).

Nor was there any joy in the food and consumer stocks which

have taken such a pounding as the market awaits the Chancellor's decision on the price controls, demanded by some of the TUC. British Home Stores (295p), J. Lyons "A" (152p), Boots (205p) and Sainsbury (138p) were all under selling pressure again, while a further loss of 5p took Marks & Spencer below the 200p level to close at 195p.

Among the few brighter spots were Baker Perkins, 2p up at 36p on the disclosure that

Latest dividends

Company	Ord	Year	Pay	Year's	Pre-
(and per value)	div	ago	date	total	tax
Assoc. Paper (25p) Int	1.0	0.9	30.7	64	2.05
Assoc. Television (51) Fin	2.05	3.03	—	3.9	5.12
Blundell-Permo (25p) Int	10	6	15.7	—	235
Bradwall (10p) Fin	2.0	1.54	8	2.0	1.84
Brickhouse (10p) Fin	1.15	1.05	—	1.74	1.64
Comben Group (10p) Fin	0.9	3.35	—	1.35	2.80
B. Elliott (25p) Fin	1.95	1.06	—	3.62	2.53
English & Int (25p) Fin	2.1	2.1	25.7	3.15	3.15
Graham Wood (20p) Fin	1.16	0.93	—	1.68	1.49
Hardys & Hanson (25p) Int	1.65	1.4	6.8	4.7	4.7
Kenning Motor (25p) Int	1.30	1.34	1.10	4.13	3.16
Lamin (10p)	0.7	0.7	1.8	0.7	0.7
Lda & Midland (25p) Fin	2.2	2.2	—	3.7	3.7
Thomas Marshall (25p) Fin	2.1	1.89	—	3.24	2.98
Michael Cotts (25p) Fin	2.36	2.11	—	3.02	2.77
Pleasurama (5p) Int	0.67	0.67	1.10	1.53	1.53
Racal Elec (25p) Fin	1.99	1.86	—	2.64	2.61
Chaw Carrels (10p) Fin	1.2	1.0	—	2.07	1.89
Sheepbridge Eng (25p) Fin	1.79	1.64	—	2.85	2.62
Sidlaw Inds (50p) Int	1	1	15.8	4.38	4.38
J. W. Spear (25p) Fin	1.21	1.1	1.8	1.87	1.72
Stead & Simpson (25p) Fin	1.39	1.44	4.8	2.09	1.79
Technology Inv (25p)	2	1.88	32.7	2.18	1.88
Transtec Corp (25p) Fin	1.75	1.66	30.7	2.95	2.85
Watchdog Eng (20p) Fin	0.26	0.1	25.7	3.36	2.1
Websters Pubs (5p) Int	0.26	0.24	30.9	0.61	0.61

Dividends in this table are shown net of tax in pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross, multiply the net dividend by 1.54. * Adjusted for scrip. * Cents a share. † Increased to reduce disparity. ‡ Forecast.

Slater Walker Securities has increased its stake and Rauli Electronics, featured in this column yesterday, which rose to 265p at best after producing a rights issue as well as good profits. Shares in Berry Wiggins, touched 91p with the market eagerly anticipating a further financing deal, probably with Consolidated Goldfields.

Bank shares took a further

tumble as yet another stock-

broker took a bearish view, and

the market took fright at hints

of a rights issue from one of

the big names. Worst hit were

Lloyds Bank (220p), and

Barclays Bank (210p).

Sudden fears that a freeze on

business might be part of

the Chancellor's plans brought

losses in MIFCO (105p), Land

Securities (165p) and several

other property groups.

Oil ended a shade lower but

saw none of the selling of the

United Kingdom industrial

market.

Equity turnover on Wednesday

totalled 4,286 bargains, a

record of 4,322 gross, against 3,852

while earnings a share are up

from 3p to 4.5p.

The board of this Derbyshire-

based group says that the year

has finished with a high volume

of orders in hand, and demand

is

strong.

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Kenning opens well but outlook darker

By Desmond Quigley
Kenning Motor Group has kept pre-tax profits moving. They rose by three per cent in the half-year to March 31 to £1.6m, though turnover went up 16 per cent to £69.3m. However, these profits are still below the figures for the first half of the two previous years.

In his statement with the

interim figures yesterday, Mr

George Kenning, the chairman,

said that he regarded the profit

increase as satisfactory.

But he warned shareholders:

"Despite this promising begin-

ning to our financial year, I still

believe that profits will

decline." It was impossible to

predict the level of the short-

fall, but Mr Kenning added that

regular price increases of new

vehicles and other goods were

engendering sales resistance.

During the first six months,

net interest charges rose by

£26,000 to £429,000, due to a

heavy fall in the amount of

interest received.

Mr Kenning says that new

and second hand car profits

showed a good increase, while

Kenning (London) returned to

profit following reorganization.

The car hire section had a bad

six months in line with most

other operators, and although

the situation is improving, mar-

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Mr Kenning.

Kenning's share price rose

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FINANCIAL NEWS AND MARKET REPORTS

Issues & Loans

An United offer for 4 at 50p

Latest to climb on the equity bandwagon is London Investment, an investment company chaired by Sir George Bolton. It is to raise £245,000 on a one-for-four basis at 50p. Convertible loan holders will receive one share for 420p stock held. The company has been formed by Capital-Cure, which has been seen as an opportunity for the London insurance market to increase its share of the equity market, and so that insurance companies, which can have the capacity to advantage of the increased share of the equity market, have been formed by a subsidiary of the company. The company is to be formed by a subsidiary of the company.

Bank Base Rates

Clays Bank ... 91%
Hoare & Co. ... 91%
Lloyds Bank ... 91%
Midland Bank ... 91%
Westminster ... 91%
Sney Trust ... 111%
Century Bank 114%
Harris & Glyn's 91%
Day deposits on terms of 10,000 and under, 6% to 10,000, 6%, over 10,000, 7%.

for 1975 is likely to be followed by a final offer for the increased capital of 1.7116, the maximum.

W. Bank \$500m notes
The International Bank for Reconstruction and Development (World Bank) plans to issue \$500m of notes about July 9 through an underwriting syndicate headed by First Boston Corporation.

Cambridge Water
Details are expected on Tuesday of an offer for sale by tender by the Cambridge Water Company of 10m 9 per cent Redeemable Preference Stock 1980. The minimum price of the issue is 1.299 per cent. The

Eurobond prices (midday indicators)

STRAIGHTS	Mid	Offer	STRAIGHTS	Mid	Offer
AMC 10% 1981	100	100	Standard Oil 8% 1981	100	100
AMC 10% 1982	100	100	Standard Oil 8% 1982	100	100
AMC 10% 1983	100	100	Standard Oil 8% 1983	100	100
AMC 10% 1984	100	100	Standard Oil 8% 1984	100	100
AMC 10% 1985	100	100	Standard Oil 8% 1985	100	100
AMC 10% 1986	100	100	Standard Oil 8% 1986	100	100
AMC 10% 1987	100	100	Standard Oil 8% 1987	100	100
AMC 10% 1988	100	100	Standard Oil 8% 1988	100	100
AMC 10% 1989	100	100	Standard Oil 8% 1989	100	100
AMC 10% 1990	100	100	Standard Oil 8% 1990	100	100
AMC 10% 1991	100	100	Standard Oil 8% 1991	100	100
AMC 10% 1992	100	100	Standard Oil 8% 1992	100	100
AMC 10% 1993	100	100	Standard Oil 8% 1993	100	100
AMC 10% 1994	100	100	Standard Oil 8% 1994	100	100
AMC 10% 1995	100	100	Standard Oil 8% 1995	100	100
AMC 10% 1996	100	100	Standard Oil 8% 1996	100	100
AMC 10% 1997	100	100	Standard Oil 8% 1997	100	100
AMC 10% 1998	100	100	Standard Oil 8% 1998	100	100
AMC 10% 1999	100	100	Standard Oil 8% 1999	100	100
AMC 10% 2000	100	100	Standard Oil 8% 2000	100	100

latest date for acceptance of tenders will be Tuesday, July 8, at 1 p.m. with 10 per cent deposit, the balance being payable by August 28. The issue has been underwritten by McAnally, Montgomery.

Fisons' German quote
Mr G. V. K. Burton, the chairman of Fisons, said in Frankfurt this week that the group had applied for its equity to be officially quoted on two German stock exchanges—Frankfurt and Düsseldorf. In addition to being quoted in London, the group's equity is already available to investors in the form of American depositary receipts and to European investors through international depositary receipts.

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AMC 10% 1988	100	100	Standard Oil 8% 1988	100	100
AMC 10% 1989	100	100	Standard Oil 8% 1989	100	100
AMC 10% 1990	100	100	Standard Oil 8% 1990	100	100
AMC 10% 1991	100	100	Standard Oil 8% 1991	100	100
AMC 10% 1992	100	100	Standard Oil 8% 1992	100	100
AMC 10% 1993	100	100	Standard Oil 8% 1993	100	100
AMC 10% 1994	100	100	Standard Oil 8% 1994	100	100
AMC 10% 1995	100	100	Standard Oil 8% 1995	100	100
AMC 10% 1996	100	100	Standard Oil 8% 1996	100	100
AMC 10% 1997	100	100	Standard Oil 8% 1997	100	100
AMC 10% 1998	100	100	Standard Oil 8% 1998	100	100
AMC 10% 1999	100	100	Standard Oil 8% 1999	100	100
AMC 10% 2000	100	100	Standard Oil 8% 2000	100	100

Commodities

Grain—Cash wheat rose by 10 pence to 25.00, barley by 10 pence to 25.00, and oats by 10 pence to 25.00. The market was quiet for the rest of the day.

Oil—Crude oil rose by 10 pence to 25.00, and refined oil by 10 pence to 25.00. The market was quiet for the rest of the day.

Metals—Copper rose by 10 pence to 25.00, and zinc by 10 pence to 25.00. The market was quiet for the rest of the day.

Textiles—Cotton rose by 10 pence to 25.00, and wool by 10 pence to 25.00. The market was quiet for the rest of the day.

Foodstuffs—Wheat rose by 10 pence to 25.00, and barley by 10 pence to 25.00. The market was quiet for the rest of the day.

Other—The market was quiet for the rest of the day.

Summary—The market was quiet for the rest of the day.

Outlook—The market was quiet for the rest of the day.

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BELL'S
SCOTCH WHISKY
"Afore ye go"

[illegible]

